# DUN & BRADSTREET MONTHLY REVIEW


AUGUST · 1936

*Published by*
DUN & BRADSTREET, INC.
NEW YORK

FIFTY CENTS A COPY

# CONTENTS

AUGUST, 1936

★



Front Cover: New stream-lined electric locomotive on Pennsylvania Railroad. Copyright G. A. Douglas from Gendreau, N. Y.

★

**DUN and BRADSTREET MONTHLY REVIEW**

*Published by*

**DUN & BRADSTREET, Inc.**

*Established 1841*

Editorial Offices: 290 BROADWAY, NEW YORK

QUINCY ADAMS, Editor RAYMOND BRENNAN, Associate Editor

J. A. D'ANDREA, Statistician

VOL. 44 NO. 2101

Entered as second-class matter October 30, 1893, at the Post Office, at New York, N. Y., under the Act of March 3, 1879

Subscription Price $5.00 per year, Outside U. S. $6.00 per year

## THE ACTIVITY BAROMETER


AUGUST 5, 1936 — 91.8 JULY 8, 1936 — 88.7

*The upward trend of the preceding three months was maintained throughout July in the major fields of production and The Activity Barometer continued its rise to 91.8 for the week of August 5. This contrasted with 88.7 a month previous and 74.4 in the corresponding week of 1935. The latest figure is the highest recorded since September, 1930.*

BAROMETER AND ITS COMPONENTS
(Estimated normal = 100)

| | Activity Barometer | Steel Production | Car Loadings | Electric Power | Bank Clearings | Food Price Index |
|---|---|---|---|---|---|---|
| Aug. 5, '36 | 91.8 | 103.3 | 71.8 | 103.6 | 60.8 | 91.6 |
| July 29, '36 | 91.0 | 102.2 | 71.7 | 104.1 | 61.2 | 89.6 |
| July 22, '36 | 90.4 | 98.7 | 72.7 | 105.0 | 59.3 | 89.3 |
| July 15, '36 | 91.3 | 97.4 | 77.5 | 103.0 | 39.1 | 88.4 |
| July 8, '36 | 88.7 | 94.0 | 71.7 | 103.7 | 58.6 | 88.8 |
| Aug. 7, '35 | 74.4 | 66.6 | 58.7 | 90.8 | 51.5 | 86.1 |

## THIS ISSUE

*What are the adjustments which manufacturers and distributors must make to meet the working principles of the Robinson-Patman Act, which became effective on June 19? As many conflicting opinions still are present in the interpretations of rulings thus far advanced, Willard L. Thorp and Edwin B. George have assembled the most pertinent public and private expressions by responsible business men, lawyers, and economists in their article "Check List of Possible Effects of the Robinson-Patman Act."*

*The usefulness of the* DUN & BRADSTREET, INC. *Retail Survey as a guide in measuring both credits and sales is emphasized in the narration of a trade experience by Walter Mitchell, Jr., in "Putting the Retail Survey to Work in Sales Promotion." The article points out the helpfulness of the survey to a wholesaler of popular-priced dresses in selecting territories to build sales volume.*

*The divisions of industry which made the chief contribution to the decline in July failures, the influence of 77-B cases on the reduction in the groups classified under large liabilities, and the dwindling ratio of defaults to the number of concerns in business are among the major sections in "Analyzing the Record of Commercial Failures."*

# CHECK LIST OF POSSIBLE EFFECTS OF THE ROBINSON-PATMAN ACT

by WILLARD L. THORP
and EDWIN B. GEORGE

ENOUGH is now known of the Robinson-Patman Act to make generally clear (1) that many aggravating uncertainties lurk in its language which only the courts can resolve, and (2) that these uncertainties are quite secondary to the fact that a new working principle has been injected into business life which promises definitely to alter existing practices and trade relationships.

### Decisions Must be Made

Since business is a living and sensitive organism, stemming primarily from human beings, it would be merely presumptuous for anyone at this stage to come forward with a knowing document on exactly how it will respond to the new rules laid down for its conduct. Yet the business man cannot await final judicial revelations. The Act became effective on June 19. Transactions previously commonplace now carry a contingent liability of civil or criminal suit.

Decisions must be made even if they are only to defer decision. However unsure the executive may feel about the meaning for him of the law's awkward details, he can understand its basic drive, and can see that forces unleashed by it are already in motion and must inevitably result in finite changes to which he wants to make the best possible personal adjustment. His chief clues are a handful of partially pertinent legal precedents, legal advices and interpretations now issuing in contradictory profusion (useful and necessary nevertheless, particularly in crystalizing the important issues), and the steps being actually taken by various enterprises. Utilizing all these aids to the utmost, his decision in the last analysis must still rest on the familiar personal mixture of imagination and common sense necessary to the successful conduct of any business.

In a situation where uncertainties dominate and yet judgments must be made, there is therefore some excuse for an attempt to sum up even the immature portents which can be drawn from these sources. Taken altogether, their resultants may point the direction if not the range of many of the things to come. If reduced to such common terms as are in them, they can be helpful if they do no more than clarify the positions being taken by naturally opposed interests and the legal and practical footing on which they rest. Where there is agreement among them, the help they give is definite.

### Check List of Possibilities

This article therefore will endeavor to set up a check list of the possible effects of the Robinson-Patman Law on business practices and distributive relations, against which manufacturers and distributors may wish to examine their own policies.

It is a marshalling of current views, gleaned from the mass of public and private expressions by responsible business men, lawyers and economists. When those views are conflicting, a brief reference to the underlying reasoning is made where useful and feasible. Unusual points of view are not rejected, if responsibly advanced, merely because majority opinion happens at the moment to oppose them; opinions change, and there can be no harm, during this formative period, in making at least a mental note of plausible guesses.

Pure questions of law are avoided, save where alternative constructions would differently affect any particular trade practice being considered, in which case the alternatives are merely mentioned. Likewise, no abstract or detailed description of the law itself is included.

Some of the possibilities cited will apply only to specific types of trades and industries. Naturally, there is no attempt to make the list exhaustive. And again, all of the emphasis is on bringing out possibilities, none on supporting particular conclusions.

### Business Attitudes

It is neither surprising nor alarming to note that many of the current interpretations are settling into patterns pre-ordained by established conflicts of interest. It is only natural that where two colorable versions of the law are available, individual groups will prefer the one most likely to promote their special welfare. In that time honored way are crucial and necessary test cases made. Even legal opinion on controversial points can logically be influenced by at least three considerations: (1) the retaining industry's sympathy or impatience with the broad purposes of the law, (2) the location of that industry's interests in the controversial areas, and (3) the lawyer's attitude towards this type of law. Assembled judgments such as these will naturally differ, yet it is important to know them for some will be upheld. Part of such knowledge is unfortunately excess baggage, being merely legal projections of wishful thinking. Nevertheless, we cannot yet be sure which is which.

## Immediate Conflicts

In the meantime, although this is the orthodox road to judicial clarification, it has to take us over rocky ground very disturbing to business traffic. The rationalized positions being taken by some complementary buyers and sellers must inevitably sharpen normal conflicts. Some of these positions are taken for strategic reasons only, in an attempt to rid one or the other group of an inheritance of what it regards as bad practices. In this fashion the way is paved for a restoration of those considered beneficial if kept under the moving group's control. Naturally, the parties affected by this maneuvering are resentful, even though it is done in the name of a law. The public has already witnessed some of this attacking and counter-attacking in the field of advertising allowances. Other actual or potential examples are included in the check list to follow. Some of these embattled elements may still be found standing grimly by their guns, whatever the evolution of issues in the meantime, until the courts do their difficult job and break the various deadlocks.

In less martial spirit, industries with no particular spoils at stake are doing their maneuvering with relation to the law itself. Some are moving to the extreme safe side, cutting out anything that savors of discrimination, and waiting (even some of these actions may be in line with their real desires). Others are doing nothing and waiting. Still others are taking a variety of middle ground positions, some of them perhaps foreshadowing the shape of things to come. Illustrations of all these attitudes will be found in the check list.

## The Check List

To avoid monotony, the authors have resisted the impulse to safeguard each one of the following check list items with an explanation that they were assembled from a wide assortment of current convictions. The possibilities are often stated flatly, but nevertheless remain merely possibilities. This introduction is intended to qualify them all.

Of course, the actual developments under the Act depend in substantial part upon the extent and degree of enforcement activity by the Federal Trade Commission, a factor which this survey makes no attempt to forecast. However, quite a number of observers are alive to the possibility that the close restrictions of this law are much more apt to promote private suits for triple damages than was ever the case under the old Clayton Act. Such actions are not likely to be discouraged by many members of the legal profession who will see sufficient prospects of success in this new and unchartered area of law as to be worth at least a speculative effort.

Furthermore, no space is given to discussing the constitutionality of the Act in whole or in part. That is reserved exclusively for the mercies of the legal profession.

The specific points discussed are grouped under the following heads:

- Products
- Prices
- Allowances and Services
- Brokerage
- Cost Accounting and Allocation
- Channels of Distribution

The orderly character of the presentation does not imply that the actual effects of the law will be in any way orderly. Many of the developments, which ingenious minds can deduce from the formal phrases of the law, may never happen in reality. Others may take unexpected forms in the process of adjustment to the intricacies of business operation. Whatever the initial impact of the law, one can be assured that the final results will appear at points quite unforseen. Obviously, a summary such as this, of most of the possibilities suggested to date, will give an exaggerated impression of the possible influence of the law. So many prophecies from so many sources on so many subjects cannot be simply added up to make a forecast of the ultimate pattern.

## Products

1. *Distinctive Grades and Qualities.* The law concerns itself with discriminations in price for "commodities of like grade and quality." Some sellers have already started to overhaul price lists and catalogues to make sure that like grades under different names, numbers or brands are not being sold at different prices. Lawyers are advising clients to make sure that grade differences relied on to justify price differentials are substantial and established in good faith. Such inspections seem certain to be followed by numerous product or price changes, as heretofore alleged differences in quality used as a basis for different and discriminatory prices have often been slight or non-existent.

2. *Standardization.* The Act may provide a new incentive toward development of trade standards to forestall the ready and petty complaints of customers who would be continually seeing or imagining that they saw a cause for complaint in different price treatment of goods which to them were practically alike. This can conceivably go to the extent of inducing business to use or acquiesce in the extensive development of government standards. Standardization, in turn, by introducing uniformity in qualities, may lead toward greater marketing emphasis on price.

3. *Different Brands for Identical Commodities.* Majority opinion appears to be that, in spite of different brands or different consumer acceptances, "like grade and quality" will exist if the commodity is intrinsically the same. Independent price structures cannot therefore be created when the only distinction is separate branding, but must conform to the criterion of differential costs. If this opinion proves to be correct, it will eliminate the use of private brands on like grades solely for the purpose of price discrimination.

4. *Effect on Number of Brands.* Manufacturers turning out private brands for distributors may de-

crease their number in products similar in grade and quality to their own brands, and increase them in dissimilar grades and qualities. The net effect of these subtractions and additions is at the moment expected to be an increase in confined lines, assuming that the full possible variety of grades and qualities is not already occupied.

Along the same line, manufacturers may increase and diversify their own brands more clearly by grades and qualities, in order to make possible individual treatment of special buyers or even where they wish to sell their own brands at different prices to different customer classes.

As an offset to the foregoing trend, the increased cost and difficulty of putting out a large variety of branded lines may tend to hold down the number of either owned or private labels that some manufacturers will be willing to sell. Such reluctance could provoke at least a partial shift in the production of private brands from manufacturers whose first interest is in their own lines to manufacturers having no important brands of their own.

5. *National vs. Distributor-owned Brands.* The major effect of any increase in the number of distributor-owned brands may be to shift existing sources of supply for them rather than substantially increase their share in the total market. Presumably the size of the total market will not be affected by any change in the character of brands, and any gain in distributor-owned brands would have to be at the expense of national brands. To what extent consumer demand for national brands would resist such pressure will depend upon the relative net effect of reduced merchandising and advertising pressure for national brands at point of consumption and the intensity of local promotional efforts in behalf of new private brands, over against possible increases in national selling programs. This is itself a major topic of speculation and will reappear at several points throughout this summary.

6. *"Extras" and "Specials."* Buyers wanting "extras" or "special features" are expected to have to pay the extra cost entailed, in contrast with the frequent practice in the past of bearing down on sellers for such additions free of charge. Of course, if the "extras" and "specials" are so important as to make a different product, the law may not apply at all.

7. *Obsolescence.* The law permits price concessions in the case of obsolescence of seasonal goods. In mercurial industries this permission might actually speed up style changes, many of them doubtless only moderate or nominal. It raises interesting questions for industries with regular style changes, such as radio. Some lawyers appear a little nervous over the temptation to abuse such a privilege and are warning that the changes must be real.

## Prices

8. *Simplified Price Structure.* Price structures in general are likely to be simplified because of the futility of old methods of glossing discriminatory treatment of customers by expressing it indirectly, as through individual price concessions or special allowances and services. The same result can be expected to follow from the elimination of many customer classifications resting purely on discriminatory bases.

9. *One-Price Policies.* Trends toward a one-price policy may be strengthened, (subject to reservation under Section 12 below, "Reduced Quantity Spreads") particularly in industries where trade sentiment is already moving in that direction. A few large industries have already taken the step. Such actions of course are premised on the point of view that the law merely provides limits to discrimination, and does not require that discounts are compulsory wherever economies are earned.

10. *Emphasis on Quality.* In the previous section on "Products" attention was called to the possibility that any trend toward standardization would be accompanied by an increased marketing emphasis on price. The reverse of course must also be true. To whatever extent prevailing confusion in the price field is relieved, selling effort should shift to quality.

11. *Discount Bases.* Attorneys frequently advise that manufacturers may still base their discounts in any manner they see fit, either on specific orders, annual or semi-annual purchases, cumulative purchases, or otherwise. Relative costs, computed and allocated more carefully than has been the general custom would be a necessary by-product of such distinctions. The legitimacy of this kind of tolerance is defended, naturally enough, by certain prominent distributors. Some manufacturers on the other hand will try to use the law to get away from quantity discounts based on cumulative quantities.

12. *Reduced Quantity Spreads.* The most common expectation is that previously existing spreads between prices for different quantities will be somewhat diminished, on the assumption that they have exceeded any demonstrable economies in cost. Some contrary opinion has been expressed over the possibility of realizing even this most basic purpose of the law. Claims have been made that many large purchasers are not now accorded the price advantage which can be justified by differences in the cost of serving them. The most usual answer to this is that the law does not require any quantity discount at all but merely sets a limit to its amount.

The issue is no slight one, even though popular opinion at the moment may be one-sided against the contention that large orders carry small ones. It is no secret to marketing men and cost analysts that small orders in the general run of business are relatively expensive. That issue, however, would be regarded by many of them as lying between very small business and middle-sized business; it would be hard to convince them that that kind of disadvantage to

"large orders" runs all the way to super-business levels, and even to immediate business not so "super" where the potentialities are big and attractive. Probably all would agree that there have been at least a few outstanding revelations of large purchasers obtaining concessions beyond the limit of economies involved.

As matters now stand, proponents of the law are quite willing to take their chances on discoveries that large buyers are being brutally treated by the small and medium. They might concede that the very small and irregular customer rides free and that relations all the way up the business scale lack consistency. Their emphasis is on what they conceive to be the serious and harmful excesses at the top of the scale. And on the other hand they may be in for a surprise. Available data are not sufficiently complete or representative to establish either case out of hand. This is at least one issue on which both business at large and particular warring elements seem likely to win, through the development of better knowledge of costs.

As for the legal aspect—must manufacturers give large buyers the discounts they earn—there is little that can be done until the court speaks. The intention of Congress seemed plainly enough against such an interpretation and most business reports to date indicate a tendency to depend on that intention, *i.e.*, regard the law as setting up maximum differentials but not requiring them.

13. *Ceiling Discounts.* The law grants authority to the Federal Trade Commission to fix quantity limits under certain conditions, chief of which is the fact that available purchasers in greater quantities are so few as to lead to monopoly. Some commentators show little concern over this authorization on the ground that they cannot locate situations at present to which the provision would appear to be applicable. At most, they regard it as a blow at "bigness" only in its grossest and potential forms. However, some specific situations have already come to light where the top quantity discount has never been practically available to more than a few recognizable buyers, and doubtless more will emerge. A number of attorneys point out that the Act does not provide clear-cut standards of application, and therefore expect this provision to be declared unconstitutional if any attempt is made to apply it.

14. *Number of Quantity Classes.* In order to give each purchaser the full economy arising from the quantity taken, the number of quantity classes may be increased. Furthermore, in some cases, quantity discounts may be individually negotiated, rather than attained from fixed schedules, because of the desire to graduate them more closely to actual quantities taken.

In some industries, the quantity classes may be related simply to some unit of delivery believed by the seller to mark a clear-cut breaking point in costs, as for example, a car-load lot.

15. *Small Orders.* It is well known that the cost of filling small orders, especially for broken packages, is often disproportionately large, but seldom recognized in price. It is therefore argued that manufacturers and wholesalers may have to consider establishing price spreads (where selling across State lines) between two sizes of small orders as units vs. dozens, or eliminating such small orders because of the discrepancy between costs and prices, or the plain lack of accounting facilities where with to measure relative costs. This line of argument, of course, runs up against the widely held theory that discrimination in favor of small orders will continue to be legitimate and that only spreads unfavorable to them are hit by the law. In this case also the general availability of offers or the lack of genuine injury to competition is counted on by some to take care of the problem.

As a practical operating matter, there seems to be some likelihood that prices on very small orders will be revised in the light of increased knowledge of costs which this law promises to bring about. As between manufacturer and wholesaler, it may tend to concentrate more closely the "breaking bulk" function in the latter's hands. A real blow may be struck in the midst of these readjustments at hand-to-mouth buying because of the high cost it entails.

16. *Factory Prices vs. Delivered Prices.* The Act does not deal explicitly with the problem of delivery charges and allowances as a part of price. Substantial opinion at the moment appears to hold that the law does not require the measurement of price discrimination in terms of "factory prices." This reasoning is based upon Congressional rejection of a provision dealing specifically with freight differentials and upon the unquestioned fact that freight differential systems are a major issue in their own right. So basic a change could not be made as the incidental consequence of a law primarily directed at other problems.

On the other hand, many believe that delivery charges are controlled by the word "indirect" in Section A, or by the insistence on proportionately equal allowances for services in Sections D and E. Furthermore, they point out that the Federal Trade Commission has consistently taken the position that even though a single principle, such as delivered prices (including basing point systems) be applied to all transactions, the result should be regarded as price discrimination.

17. *Non-uniform Delivery Practices.* Inconsistency in delivery policies is already common, and their very looseness could be made to support systematic discriminations. Standards of the right and wrong use of this function would have to emerge, even should the law be construed not to directly control them.

Even those who feel that the law does not interfere with delivery charge and allowance practices when applied uniformly to all purchasers, recognize that the function is of such an adjustable

character as to permit arbitrary differences in the treatment of particular customers and classes of customers, and that lines must be drawn somewhere. As a possible example, could the offer of a rebate amounting to the seller's average cost of freight to any buyer taking his own deliveries, be approved?

18. *Terms of Sale.* Doubt prevails as to whether or not the law touches terms of sale. They were included in so many words in one of the earlier drafts of the bill so that the elimination of all reference to them adds weight to the contentions of those who say they are not now involved. On the other hand, there are those who insist that terms are so inseparable a part of price in actual competition that to ban unfair discrimination without controlling terms would be not to ban discrimination at all. Much depends on how broad a word "indirect" turns out to be.

Discriminatory cash discounts may be construed as a part of price or as an indirect evasion of the law. If unusually high, even if uniformly offered, they may be subject to attack as not being available for the reason that some small purchasers might not be regularly able to pay cash. In plain prudence some manufacturers have decided to allow the same rate of cash discount to all buyers, and to scale high rates down to correspond with the conventional worth of the financial function involved. Other discriminatory terms of payment in matters such as due dates and installment schedules, likewise may have to be brought into line with some consistent standard or other. Even priorities on delivery may come into question.

Assuming that discriminatory prices may be made to bad credit risks, the amount of such discrimination may have to bear some reasonable relation to the purposes of the Act.

19. *Unearned Discounts.* Many sellers are interested in the possibility that if buyers take unearned discounts they may be making themselves guilty of knowingly inducing an unlawful discrimination in price. The taking of unearned cash discounts is one of the more obvious examples. The seller might also be guilty if he permitted such discounts, depending upon the extent to which his intent is or is not taken into consideration. Some sellers are accepting payment even when the purchaser has improperly deducted the discount, and then billing him for the amount of the discount, thus hoping to clear themselves of any charge of intentional discrimination. This procedure, incidentally, destroys any defense on the part of the buyer that the discount was taken in error. Both cases assume that a similar discount is not extended to competing customers unless they have earned it.

20. *Returned Merchandise.* It may not be permissible to accept returned merchandise from some customers, with full or partial extension of credit, unless the same privilege is accorded all competing customers.

21. *Forward Contracts.* Considerable argument rages over the effect of the law on forward contracts, those already signed and those coming under the head of future policy.

Of considerable temporary importance is the question of whether or not discriminatory forward contracts written before the Act was signed will have to be cancelled. Most attorneys insist that the fact of prior contractual obligation is no defense for present price discrimination. As far as actual practice is concerned, it is certain that a great many of them are being cancelled. To the extent that this is done, business now on the books will have to be rewritten.

As to the problem of new forward contracts, two questions are evident. First, to what extent must they be made available to all customers? Second, if the market changes so that when the contract is fulfilled, a discrimination is present, will judgment be based upon conditions as of the time the contract was signed or time of fulfilment? These problems, plus the fact that the Federal Trade Commission in the Goodyear case took performance as a basis, is undoubtedly discouraging the writing of such contracts at the present time. If the final decision is to permit forward contracts on the basis of reasonable judgment of future business conditions at the time of signature, then the fact that only a small number of buyers would be interested in the device, regardless of the extent to which it was offered, might open up a simple method of favoring selected customers.

22. *Free Deals.* The principal point of general agreement is that the offer of free deals cannot be restricted to selected customers.

It also seems clear that where savings are affected through sale of the additional quantity, it is valid as in the case of any other quantity discount meeting the cost test.

Where, however, the price reduction is greater than the cost saving, opinions as to the legitimacy of the sales promotion device seem to differ. One school believes that the inability of this class of free deal to meet the literal cost test of the law definitely prevents its use. Others argue that a generally available offer of them in reasonable quantities would satisfy the purpose of the law.

If this point of view should be accepted, an interesting new question will arise as to when, in different trades, the quantity a man must take to get the free deal is so much beyond his reasonable needs as not to be practically available. It should be added, however, that majority opinion at the moment seems to incline against the possibility of free deals escaping the law's mechanics. One of the industries to which they are particularly important is already making a cost survey as a basis for future policy.

One suggestion put forth for making such a deal "generally available" is the use of some device such as coupons to permit those unable to take the entire quantity to participate in the concession made. This suggestion even contemplates the substitution of coupons, satis-

fying as they would the proportional availability test, for advertising allowances.

The problems of combination sales and full line forcing are quite similar in character to those discussed above. The net result is a marked hesitancy in their use.

23. *Overloading.* Some look hopefully at this law as an unexpected help in keeping sellers from overloading their customers, and for that matter in keeping the customers from succumbing of their own accord to discount spreads attached to larger quantities than they need. How much reality there is in this outlook depends of course on how far such spreads for quantity proved to be justified by real difference in costs.

24. *Changing Market Conditions.* More systematic recording of market data by individual sellers may be stimulated by this Act. Sellers must be certain that changes in price on grounds of changing market conditions are made in good faith and that proof of such changed conditions can be supplied, particularly when discriminatory prices are given within short intervals. A good market record, in the opinion of some observers, may be the best defense against charges of unlawful price manipulation.

25. *Forced Sales.* Section A permits price changes in response to changing conditions, "such as but not limited to . . . . distress sales under court process." There is no clear feeling as to whether or not this general language will permit forced sales at discriminatory prices to raise money in times of stress. Even if permitted, the necessity for the forced sale goes back into the area of business judgment and may be particularly difficult to justify at law. If not permitted, the concession would then have to be made to all purchasers, with obvious effects on prevailing prices.

26. *Special Sales and Salesmen's Auctions.* Speculation has arisen as to what will happen to extra prices concessions for special occasions such as Anniversary Sales. An argument in their defense is that their distinctive nature puts them in a class apart from genuine volume concessions, and therefore from the kind of consistent discrimination at which the Act is aimed.

Objectors to this reasoning regard such exemptions as arbitrary and unadministrable, too much within the power of friendly sellers and buyers to manipulate.

Salesmen solicitation of the retail trade in a given city at the best price obtainable from each customer, commissions graded accordingly, seems to be ended, assuming some interstate aspect. The seller who sets a base price and splits 50-50 with salesmen any bettering of that price, is in this class.

27. *Metropolitan and Suburban Stores.* If a metropolitan store is determined to be in competition with suburban grocers and druggists (assuming some interstate aspect) care must be taken to make price differentials bear some recognizable relation to differences in cost of selling and delivery to the two outlets.

28. *Price Changes.* Several consequences may flow from the fact that the law concerns itself with the relationship among the several prices at which a commodity may sell rather than with the average level.

There may be a tendency to reduce the number of changes in discounts, once they are carefully established, and to place the main burden of adjustment to market conditions on the list price.

The extreme form of discount adjustment was the creeping price change, customer by customer. Such individual pricing is now peculiarly eligible for dismissal as discriminatory. However, many economists feel that price changes will be made less frequently when they must apply to all customers, than when the area of adjustment could be limited.

29. *Shifting Product Emphasis.* Here and there may occur a shift in price concessions away from particular products, previously available to a few buyers at clearly discriminatory levels, to a range of products on which no special spread in favor of such buyers had existed before. However, it is not likely that the practice was general for large buyers to receive wide discounts from a seller on one product and not on others of his products.

It is said to be more probable that purchasers wishing to resell with a conspicuous low-price policy will search for products whose character will permit the greatest concessions for quantity under the law.

30. *Regional Price Spreads.* Section 3 repeats the Clayton Act prohibition of local price-cutting for the purpose of destroying a competitor or eliminating competition. However, the question remains under Section 1 as to whether, if different market areas can be shown to be quite separate without any over-lapping competition, differential prices for them could be defended. Substantial opinion supports the proposition that the relationship between prices in non-competitive areas is not subject to restriction, except for the long-established local price-cutting prohibition. The bearing on this assumption of the law's disapproval of injury to competition "with" any favored person, wherever located, will be mentioned under the next heading. However, there is nothing in the Act to encourage particularly the use of regional prices, and undoubtedly many such structures which have evolved purely as an adaptation to buyers' bargaining power, will need revision.

An interesting special problem is that of adjoining states with different gasoline taxes. It is customary for the gasoline price structure to permit competition along the border, by means of variable tank-wagon prices. Will this practice constitute unlawful discrimination?

31. *Other Segregated Markets.* There is a body of opinion that differentials escape the jurisdic-

tion of the law when among non-competing customers, as for example, those who purchase for manufacture and those who purchase for retail sale to consumers; although within each such market, prices must stay within the restrictions of the law. Government agencies would thus usually not be in competition with private customers and would thus constitute a separate class, according to this view.

On the other hand, some read a much wider application into the law than was indicated in Congressional discussion,—that the moment a commodity is offered at more than one price, even to different classes such as wholesalers and retailers, or to different areas, price discrimination enters and each transaction must be judged as to its effect on competition and competitors at any and every point up and down the flow of that commodity from manufacturer to consumers; this even though they handle only the products of other manufacturers. This view arises from the law's insistence that competition may not be injured "with" any person, joined to a conception of competition as running between entire channels of distribution rather than between various functional groups. The application to customers is obvious. Others emphasize the fact that the law would also apply if, through any form of "dumping" in some specific market, the competitors of that seller are injured, either individually or generally. Any such strict interpretation would give tremendous impetus to the limitation of sales to those which could be made at a single price or with a few quantity variations. This subject will be amplified in the discussion of channels of distribution.

An interesting problem arises in connection with export trade. Section 1 clearly exempts it by limiting the application to "use, consumption or resale within the United States." Section 3 contains no such clear-cut exemption, though it may be that exporters will not be regarded as in competition with domestic purchasers and thus not subject to the market controls of this Section. At any rate, sellers may wish for their own peace of mind to take extra precaution that goods sold at low prices for export are actually exported.

It should be noted that the law may also have unexpected implications for import trade, but no discussion of this point has come to the attention of the authors.

32. *Multiple Outlet Differentiations.* Manufacturers maintaining price differentials and selling to chains, voluntary groups, and branch stores, may have to graduate their prices carefully among those member units buying from headquarters for all units, those using "listing" systems, those permitting each unit a large degree of prudence in its buying, etc.; likewise, in accordance with the separate quantities taken and the location of different units, and with their different methods of taking delivery and performing other non-price functions. "Listing" may be particularly vulnerable because of its obvious irreconcilability as usually practised with a law all of whose emphasis is on evaluating details.

33. *Prices and Private Brand Competition.* One of the problems raised by the law is that confronting the manufacturer of both owned and private brands in the same grade and quality, who sells his own brand at a higher price and on the other lines must meet the prices of competitors engaged exclusively in the production of private brands. Differences in the cost of marketing the two lines will usually take up some of the slack but in many cases far from all of it. Quite a number of lawyers are advising clients to discontinue private brand production under such circumstances, but for many manufacturers whose plants and staffs are geared to the double market this will be extremely difficult. Attempts may conceivably be made to defend such practices on the ground of the right to meet competition, even though the conflict of such a plea with other and very explicit portions of the law seems quite direct.

34. *Indirect Price Discriminations.* The list of ways in which valuable favors can be given to selected customers is of course, very long. Advance notice of impending price changes for example may be quite as useful as an extra discount. A good price may be quoted inconspicuously to the general trade, but all the real solicitation and special contacting concentrated on a select list. Preferred deliveries are not now unusual and the law may permit them unless they reach an extravagant point. The problem of secret or private compensations may be aggravated and correspondingly hard to police.

On the other hand, most constructions of the law point out that many of the various subterfuges heretofore used to continue low prices to protected customers after higher prices have gone generally into effect, will come into direct collision with the law. In fact, some or all of the indirect means of evasions cited above may meet the same fate, either under earlier laws and court decisions or under interpretations of this law. The fundamental problem will probably be one of detection.

35. *Price Publicity.* Indications are that because of this law manufacturers will incline toward giving greater publicity to their prices. This may take the form of either individual action or centralized industry-wide filing of either past or current prices. The choice between past or current price will partly depend on the several industries' views of the Supreme Court's attitude toward current reporting.

Perhaps the leading factor in encouraging price publicity will be the desire for defense against false charges and misrepresentation of prices actually effective. Furthermore, publicity may be taken as evidence of good faith, and thereby may reduce somewhat the threat of investigation. In

some cases, prices may be published as an assistance in resisting purchasers' demands for inside concessions because of the guilt that would attach to the latter in the event of their being granted. Finally, the qualified permission to meet competition and to change prices in accordance with changing market conditions, places a premium on industry-wide knowledge of individual prices.

Such stimulation as this law may provide for price publicity, will be partially offset by sellers' uncertainties concerning the lawfulness of their price structures, with consequent reluctance to attract attention to them. Furthermore, many of the more favored buyers will quite willingly remain in ignorance of the treatment awarded their competitors, even to the point of persuading their suppliers that the indelicacy of prying into other people's private affairs couldn't be thought of. A few might feel so strongly on this propriety that orders would not otherwise be placed.

36. *Buyers' Protection.* Some anxious buyers may require sellers to guarantee that prices to them do not involve an illegal price discrimination.

### Allowances and Services

37. *The "Proportional" Question.* Before any of the speculative developments in this section can run their course, vigorous legal warfare will probably be waged over the extent to which co-operative advertising must actually be curtailed under this law. The law says that allowances for the purpose must be proportional to all competing customers. Much depends upon Court construction of the word "proportional" and on the standards by which the Courts permit it to be measured.

Some industries will argue for "real value to the seller," *i.e.*, the sales return to him which can be attributed to the allowance or service, as the proper measuring stick; others will reject it as incapable of measuring anything but rival imaginations. On the "real value" basis, some sellers are already specifying and defining in detail the particular services they will purchase from anyone who can offer them. The question that naturally follows is whether the standards so established are deliberately or in effect discriminatory from the standpoint of some of the buyers. Such standards are, of course, personal and arbitrary and may be so fashioned as to be actually available to but a few; some of them certainly will be challenged.

Other sellers are seeking a more exact measure. A few attorneys have recommended putting co-operative advertising to all customers on an equal basis such as 50 per cent to be paid by the customer and 50 per cent by the manufacturers. A more general suggestion is that advertising favors be distributed in proportion to the size of orders, which in fact approaches the conception of proper treatment set forth in Congressional Reports.

Both of these methods are regarded as impractical by many sellers, inasmuch as they involve expenditures which would never be made within the compass of a planned selling program. Such literal application of the law may well be modified in time to the extent that ingenuity and successful legal maneuvers make it possible.

It must also be kept in mind that "proportional allowances" apply to small distributors as well as large, and that the manufacturer who has been giving unimportant customers a careless but generous consideration will have either to scale it down or increase his allowances elsewhere.

In any event, there seems to be momentary agreement on the prediction that complications are sure to flow from the attempt to supervise the "proportional" rationing of such an intangible as "co-operative advertising"; and that dread of the unknowable as well as respect for the clearer prohibitions of the law will reduce the present volume of such advertising between manufacturers and distributors.

38. *Separate Contracts.* Attorneys for several industries have already advised their clients that where purchases of customers' advertising facilities or catalogue space are kept distinct from contracts for the sale of merchandise, they ought not to be affected by the law. Indeed, the flat position is sometimes taken that the payment of rentals for arbitrarily selected window or floor displays, the same being actually made in accordance with contract and representing reasonable value, could not be prohibited under this section. Obviously, such a conception could greatly weaken the operation of the law.

39. *Limitations on the Use of Allowances.* There will be some tendency to withdraw advertising allowances from all rather than bear the expense of extending them proportionately (irrespective of relative pulling power) or be persecuted by incessant petty complaints, or even both. Many manufacturers have already taken such action, although its purpose is merely strategic with some of them, designed to clear the slate until a better controlled program can be devised.

A more distinct possibility is that the irritations and risks promised by this clause may induce some manufacturers altogether to eliminate sales to small operators whose "proportional" service is of little value to them, and concentrate on customers who can give a profitable complete service.

In other cases, the points of application may be limited. One prominent manufacturing industry is studying the proposition that there are only two constructive and auditable practices, tying in with each other: (1) newspaper or other printed advertising, confined to media supported by a guaranteed circulation, and (2) extension of advertising allow-

ances to stores carrying adequate stock, providing window displays during a week of sale, and guaranteeing distribution of specified quantities of merchandise.

On the question of regional sales promotion, most commentators take the position that, unless clearly intended as a discrimination, such selectivity within broad areas may be continued.

40. *Incentives Toward Decentralization.* Some analysts go very far in their beliefs that the law is putting a high premium on decentralization. The principal factors supporting such a belief fall under various headings of this resume, but the new restrictions on advertising allowances and sales services clearly supplement them. The prospect for little Robinson-Patman Acts in the various states will probably, however, suffice to check any general scramble in that direction. Furthermore, even without such a deterrent, all such schemes are subject to previously expressed "ifs" regarding the possible influence on regional discrimination of both Sections 1 and 3 of the law.

There has been some talk of manufacturers establishing corporate sales branches in the more populous states, the better to manage the allotment of advertising allowances and sales aids in intrastate business where a loss of otherwise allowable volume discounts would not be incurred under this law. As to the latter feature, such talk has even embraced the practicability of state manufacturing branches. Where corporate control definitely remained with the parent company, however, this escape might be closed. On the other hand, special allowances might be given to particular districts by arrangement through head offices without any change in organization, as long as this were also extended to competitors in such districts. These are questions of law on which no real light has yet been shed.

Alternatively, manufacturers may relinquish such functions to wholesalers as far as possible. Manufacturers need not necessarily discriminate among their wholesale customers to enable the latter to make their own most expedient intra-state allotments of advertising allowances. While probably feasible the incentive to use this facility may not be strong. Where wholesalers are used, the manufacturer's chief interest is usually at the first point of sale, *i.e.,* the wholesalers themselves, and there are obvious limits to both his control and the usefulness of his interference among ultimate customers. Where a common enemy appears on the scene, as for example a supermarket, the manufacturer might conceivably wish to concentrate his batteries in that area more powerfully than was intended by the nice theoretical balance defined in the law.

The opinion is similarly expressed that multiple store organizations may find it advantageous to decentralize in important areas to make themselves eligible for considerations being given to others in such areas. The same end could conceivably be reached as properly, without any change in organization, through special negotiations between manufacturers and the chain's head office affecting the eligible area alone.

41. *Cancellation of Allowance Clauses.* Some lawyers contend, others deny, that cancellation of advertising allowances by manufacturers because of this Act is warrant for distributors to cancel the merchandise contracts to which such allowances were tied. Developments of this ticklish variety are still uncertain and will, of course, have importance only for current business.

42. *Effects on Advertising.* Even though co-operative advertising is reduced in volume, it does not necessarily follow that the total amount of advertising done will be reduced. Undoubtedly, distributors will make some increase in their own advertising appropriations. However, it is probable that the net volume of distributors' advertising will be reduced because of curtailment of manufacturers' subsidies for that purpose. Some newspaper space has indeed already been cancelled by a few prominent distributors, but so far as it has gone and as in the case of some of the manufacturers' more drastic steps already described, this must be considered a phase of early maneuvering and not a forecast of long term policies. And of course, distributors are not reticent regarding the possibility of much more active promotion of their own brands.

On the other hand, manufacturers may increase their direct sales efforts, although it is not impossible that some of the released funds will find their way into reduced prices. However, the most natural presumption is that they will go into increased national advertising, particularly such part of them as is released from forced "co-operative" campaigns.

As there is no clear dividing line in business as elsewhere between opinion and gossip, speculation has also touched on such elusive subjects as "quality" of advertising under the new order. Some aver that advertising is now going to be bought more generally on its merits rather than to be used as a form of price concession. Others warn that critical manufacturers have seriously underestimated the value of point of sale merchandising, and that the loss of flexibility and deft last minute pressure under this law is going to hurt those having to give it up.

43. *P. M's.* The Act is expected to limit and in some cases eliminate the use of P. M's. because of the impracticability of rationing them on a proportional basis. Incidentally, a number of specialty manufacturers in some fields may find themselves particularly embarrassed by this aspect of the advertising section. In the past, hundreds of them have been able to establish themselves in at least a few markets by the selective use of P. M's. and Demonstrators. By reverse reasoning retail druggists may benefit by not having to carry so many lines. They have usually

lost money on them because of the unnecessary inventory burden and diffusion of selling effort that they entail.

44. *Demonstrators.* Application of the law to demonstrators, however, is actively disputed. The first reaction, still strongly felt in some quarters, was that demonstrators were one of the sales aids that would have to be distributed proportionately, and that the awkwardness of dividing human beings into parts corresponding to fractions of a seller's business might discourage attempts to continue this kind of service at all. Other analysts, however, make a distinction between demonstration allowances and demonstrators paid by a manufacturer to sell his product rather than to assist the retailer. Under such a theory demonstrators could be placed or withheld at the discretion of the manufacturer.

45. *"Indirect" Sales Promotion.* If it is not construed as indirect discrimination to give special allowances or sales promotional inducements to selected customers' customers to whom no direct sales had been made, the practice could obviously develop. Efforts of manufacturers to stimulate sales by giving bonuses to distributors' salesmen are in the same class. There is considerable legal opinion that the first practice might be permitted under the law, and an unusual degree of agreement that the second would be subject to its prohibitions.

46. *Allowance and Service Details.* Manufacturers giving unequal financial aid to certain of their distributors, in cash, push money, bonuses or prizes, may be obliged to either scale down such aids, convert them into decreased prices or extend equivalent accommodation to other customers.

Discrimination in services can include many details such as special processes or finishing, accessories, packaging, labeling, loaned personnel, factory salesmen, detailing, engineering assistance, specialized forms of delivery, warehousing and similar physical facilities and services. It is entirely possible that general rejuggling of deals and arrangements throughout industry would be necessary to bring about literal conformance with the Act. Many such discriminations are quite casual or are matters of mutual convenience, and where not so justified tend to wash each other out over hundreds of transactions. Only the chance that competition is really not sharp between many of the recipients to such discriminations, and that operators are not disturbed about them and will not file many protests, stands between business and a season of out and out nagging. Still there will be some protest and a few can be expensive. Caution, even as to petty differences in treatment, is being urged in touchy industries and trades.

47. *Specialized Service Agencies.* It has been suggested that new and independent enterprises may be set up to contract for the advertising and point of sale services of a number of manufacturers or distributors, and the reselling of them to best advantage.

## Brokerage

48. *Brokerage Services.* Imaginations are enjoying a free rein on the problem of what services a buyer's agent may render to a seller to earn exemption from the otherwise flat prohibition against payment of brokerage to him by the seller.

The phrase "except for services rendered" has given rise to observations, perhaps academic, that brokers' services actually benefit both buyers and sellers in any transaction, whatever the conventional conception. Otherwise the transaction would not be entered into. To the degree that this idea should acquire any standing, there appear three possibilities: (1) nullification of entire clause, (2) suppression of clearly abusive demands for brokerage where no service is rendered, and (3) prevention of all payments to buyers' agents as the language of the law and its sponsors seemed obviously to seek.

A second line of suggestion is that the Act may stimulate some division of brokers' normal functions, correspondingly enlarging those of buying offices.

Among special problems which should be noted are the cases where brokers bring together buyer and seller without any formal recognition of agency by either, and the troublesome problem of reciprocal purchases.

49. *Brokers' Assurance to Principals.* Sellers (or buyers) may require formal assurances from brokers that they do not represent buyers (or sellers) and that no part of the commissions paid them will go to buyers (or sellers).

50. *Brokerage to Co-Operatives.* It is generally held that the special co-operative section of the law recognizing co-operatives does not give them any special privilege under the brokerage section. The co-operative, acting in behalf of its membership, is no more entitled to brokerage from the seller than any other brokerage enterprise acting for a buyer. In some cases, this will reduce the price advantage obtained by some co-operative buying agencies when compared with enterprises which never had been able to demand a brokerage fee.

## Cost Accounting and Cost Allocation

51. *More Elaborate Accounting.* Where differentials are used, accounting methods will have to be thoroughly overhauled in order to permit much more precise cost calculations on individual products, quantities, customers, territories, services, sales and profit returns from particular sales and advertising programs, etc. According to the methods and standards adopted by the Commission and the Courts, profit and loss statements may have to be made computable in terms of numerous divisions and sub-divisions of the total business.

Aside from the mechanical burden of highly detailed cost allocations, many questions of judgment

will arise as to whether particular overhead and promotion costs can be shown to pertain exclusively to certain customers or classes of customers or whether they are merely being imputed to them. This will require a more expert personnel than is ordinarily needed for normal business purposes.

It is a not uncommon belief that this new and formidable responsibility will add to the law's direct stricture on discrimination in encouraging the use of single price policies.

52. *Need for Principles.* Methods of treating costs constitute one of the most important new areas of administrative discretion under this law. Observers agree that there is little precedent now available for the solution of difficult problems. Both manufacturers and distributors will have to be alert for signs from the Federal Trade Commission, presumably through early cases, as to the principles which it will evolve.

53. *Time Studies.* Some have already started time studies of all their operations, step by step, and function by function. The purpose is twofold, (1) to put their pricing practices completely within the law, and (2) because they believe that such records will, in the long run, prove the cheapest form of defense. Many hold that industry studies, while perhaps not conclusive for individual court defense, can be most helpful in establishing safe price structures, and are urging increased trade association activity in the field.

54. *Cost Disclosure.* A feared by-product of the "burden of proof" provision is that manufacturers who discriminate, even if legitimately, may have to present publicly before the Federal Trade Commission their costs of production at the will of any jealous competitor or suspicious customer who can drum up a prima-facie case. Some may keep differentials far within permitted bounds through fear of this kind of exposure.

55. *Slack-Seasonal Orders.* If large slack-seasonal orders are to carry special discounts, production costing will have to take more careful account of whether they are actually processed in off seasons and can be legitimately accredited with lowered costs such as eliminating overtime, earning off-season prices for raw materials, etc.

Many production schedules will have to be re-arranged to insure that large orders given special discounts because of their "supplementary" or fill-in nature, are actually fabricated in slack seasons.

As a necessary extension of this aim there may be increased efforts to secure large orders well in advance so as to permit genuine realization of economies in fitting them into the normal production schedule.

Much interseasonal or fill-in business may have to be refused by manufacturers because the Commission's method of appraising costs and savings will not agree with manufacturers' own estimates of its value to them.

### Channels of Distribution

56. *Functional Discounts—The Issue.* The law says nothing about functional differentials. Does this silence mean that they are not permitted or that the law does not intend to interfere with them? Lawyers have gone strongly on the record at both extremes, as well as intermediate positions. This problem of interpretation stands in the way of even speculative opinion as to the possible effect of this law on customer classifications and existing channels of distribution.

Some lawyers hold that the law is clear in describing the only types of discount which are permitted, namely those based on quantity and method, and that any functional discount which does not meet these criteria, is unlawful. They support this view by reminding opponents that one of the earlier drafts of the new law made express provision for permitting functional differentials, but the reference was later deleted. Therefore, they argue, Congress deliberately debated the wisdom of an exemption in favor of functional discounts and decided against it.

This conception of the law does not give support to the establishing of isolated functional markets, or geographical ones, for that matter. It should be stressed that the injury which must be shown is not restricted to competition among the purchasers, but applies equally to competing sellers, who may find a market closed to them as the result of the original seller's undue discrimination. This interpretation could thus apply to discriminatory sales to the government whenever competitors of the seller were injured in their attempt to enter that market. It could apply to sales in a distant region where the discrimination interfered with the operation of those competing for that market, or in it, with the purchaser.

Others argue that the law contemplates fair treatment of competitors, but that those performing different functions are not competitors. They say that the Courts could never permit so sweeping an assault on long-established and traditional practices, not directly subject to attack in the discussions prior to enactment and now dragged in by clever analysts as an unexpected by-product of a loosely written law. They question whether the absence of explicit recognition by Congress indicates a desire to eliminate functional discounts (except as they appear indirectly through quantity or method) rather than the assumption that they needed no direct safeguarding. They point out that the old Clayton Act made no exception of functional discounts in its price discrimination section, and yet no one ever successfully challenged their essential validity and they are still with us. The very fact that no such doctrine was established in more than twenty years, is regarded as providing a strong presumption that such an

interpretation could not stand court test.

The third and fourth groups, like the second, expect functional discounts to continue, but differ both as to method of justification and plans for future use. As may be implied from the last paragraph, the second group thinks of them as discretionary areas which the law does not limit as long as the lines between functions are kept clear. The third and fourth groups regard them as means of keeping the different functional groups on an even competitive level. The difference between the third and fourth is that the former says they may be so used and the latter that they must be so used.

The third group, therefore, regarding as the crucial point in the law the permission of any discrimination which cannot be shown to injure the least favored group, points out that functional discounts may be permitted up to the point of such injury. Consequently, if functional discounts fail to hurt and actively help to equalize competition on the next distributive level, they are permissible. By this reasoning special concessions could be given to wholesalers if thereby the latter's retail customers would be helped to meet the competition of mass distributors.

The fourth group maintains that such concessions not only could but must be given to wholesalers. Failure to give them might result in injury to the latter's retail customers, and the law says that competition must not be injured with the seller, his customer, or customers of either of them. Instead of working from the manufacturer down, they work from the retailer up. All selling at retail must be on a fair competitive basis, and whatever functional discounts are needed from primary sellers and intermediate distributors to bring about this result must be granted. They insist that any other interpretation will fail to accomplish what they feel was the basic purpose of the legislation, to aid the wholesaler-independent channel against the mass distributor.

It is interesting to note that this award of control to selected sections of the law is the same process as was followed by those holding that the law does not merely establish maximum limits on quantity discounts but requires that they be given in proportion to economies. Naturally the results will differ greatly according to the emphasis selected. The discount-earned point of view appears to make the law read, "it is unlawful not to discriminate when large buyers are put at a competitive disadvantage with smaller buyers by not being granted the full equivalent in discounts which their large purchase economies have earned for them." The fourth functional point of view would apparently make it read, "it is unlawful not to discriminate when a customer's customer needs the help to keep him abreast of his competition, even though the cost of serving him is high."

57. *If Functional Discounts are Prohibited.* If functional discounts *per se* should not be permitted, alterations in many price structures will be revolutionary. The multitude of special discounts for various customer classifications would have to be reviewed, and only those could survive which could meet the new tests. Relative costs, resulting from quantity or method, would tend to take the place of relative services and pressures in determining the new price relationships.

The new situation thus suggested has been described by one analyst as follows: It would be as though a manufacturer said, "I intend to make the same rate of profit on every item which I sell. My product is put on the shipping platform for any one to buy. If any purchaser can save me money by taking large quantities or by economies to me in delivery or costs of selling, I will allow him discounts equivalent to such saving. However, except as he creates economies, I do not care whether the customer is wholesaler or retailer, chain store, co-operative or independent. I shall not subsidize any distribution channel. So far as I am concerned, the various methods of getting my goods from me to the consumer, must stand on their own feet." Those supporting this general view recognize that it means a major operation on the price structure, but insist that it means a more healthy evolution of the distribution structure.

58. *If Non-Competitive Areas are Established.* The second position is that the law controls discounts among competitors, but not among non-competitors, and that functional groups define competitive areas.

At once, the problem is introduced as to the boundaries of customer classes. Such classifications are often matters of loose usage rather than precise definition for legal purposes. There are many types of wholesalers, for example, many real differences in the way in which members of even a single type will actually do business, not to mention the many degrees of personal efficiency and initiative in the performance of these combinations of functions which manufacturers are accustomed to recognize and reward. We have to assume that, if the Courts create the problem at all, ways can be found of reducing the differences to broader categories for administrative purposes.

But putting aside the problem of specific classifications, it must be noted that uncertainty exists on such broad questions as to whether wholesalers and retailers are in competition within the meaning of the law. Quite a few industries and trades have already taken opposing positions on this issue. This type of issue immediately extends to such questions as to whether co-operative groups and chains are in competition with wholesalers or retailers or both. Certain passages in the Congressional debates and committee reports suggest the second, but of course, do not establish it. Some of the testimony and many of the current "interpretations" lead to

the former. In any event, since the defense of "meeting competition" will undoubtedly appear as soon as there are any cases, this question should not long remain unanswered. The answer is of considerable importance.

One industry is already arguing over whether a sub-jobber selling to and warehousing for wagon distributors is entitled to an extra 6 per cent over wholesalers who also warehouse but sell to the retail trade. The immediate conclusion was that any extra cost of doing business through that channel should be passed along to the end of it instead of being absorbed at the start, and that therefore no extra discount should be allowed the sub-jobber. This is equivalent to a decision that the wholesalers and sub-jobbers are in the same customer class irrespective of their different methods of selling. The specific issue is a minor one in a medium-sized industry but its nature may be illustrative of hundreds of such problems to come. To point up further one of the previously cited conflicts on the meaning of the law, if no functional discounts are allowed, the seller would have had no choice; he would have been compelled to refuse the extra to the sub-jobber, because the costs of selling equal quantities to him and the wholesaler were the same.

Some attorneys insist that despite the phrase "or customers of either," the law can only apply to concerns who are in primary competition with each other as wholesalers vs. wholesalers, but not wholesalers' customers vs. each other. Among their reasons are that much of the latter business is intra-state, and that in any event, manufacturers cannot compel wholesalers to pass on discounts without violating other laws as they have been construed by the Courts.

It is, of course, obvious that, to the extent to which the above logic is used to create separate non-competitive areas, the result of the law can be to bring order within such areas, but to have little effect upon the underlying problem of competing channels of distribution.

59. *If Functional Discounts are Limited.* The third position involves the proposition that discounts in favor of wholesalers as against chains may be permissible under the law, even while the contrary would be forbidden; this for the reason that the wholesaler's mark-up added to the manufacturer's price to him will bring the retailer's price up to that at which the chains buy, with the result that the competition between them would not be injured. This would, of course, depend upon the assumption that the wholesaler and the chain are not in competition. It really involves the recognition of certain reasonable functional discounts, which do not result in the type of injury contemplated by the law.

Since the problem of measuring these limits is the same for this group as for that which follows, it will be discussed in the following section. However, it should be noted that, while some industries are continuing their functional discounts on the basis suggested above, even they are forced to examine them to make certain that they do not exceed "reasonable" limits. Many industries are moving in the direction of giving wholesalers and chains an equalized price even when the latter takes larger quantities but where other conditions of selling, serving and delivery are similar. Several members of one important manufacturing industry have already discontinued wholesale discounts to chains.

60. *If Functional Discounts are Required.* If the responsibility is placed upon the seller to avert injury to competitors at his level or below, other difficulties appear. These same problems are present, even if functional discounts are made merely permissive up to the point of injury. The law gives little aid as to their solution. As an illustration, suppose a manufacturer sells to a chain and a wholesaler. The wholesale mark-up is, of course, beyond his control. The problem arises as to whether the inability of the independent retailer who buys from the wholesaler to compete with the chain (an injury) is due to an inadequate price differential by the manufacturer to the wholesaler, or too large a mark-up by the wholesaler. It is obvious that the illustration involves difficult administrative problems, whose solution could be arrived at only by such arbitrary expedients as accepting trade custom as a criterion of proper differentials, or by endeavoring to establish "reasonable" allowances for performing various functions on the basis of broad industry studies.

Furthermore, there is a troublesome set of problems such as the amount of retail price difference which may be permitted between a metropolitan and a suburban outlet (lying on opposite sides of a state line) before injury appears, between a specialty store and a general store, etc., etc. How much may a mail-order house undersell a store before injury appears?

Many wholesalers are hopeful that the law will be interpreted so as to assure them a survival discount. Obviously, if the attempt is made to minimize all injury, it implies the maximum preservation of existing distributive enterprises. But it raises many problems in whose solution, the law provides no leadership.

61. *Simpler Customer Classifications.* As a general proposition, whether or not functional discounts are allowed or required, there is virtual agreement that there will be a pronounced reduction in the number of customer classifications used by individual manufacturers. To the extent that special customer classifications were created for the purpose of making price concessions to certain customers, they can survive only to the degree that they can be justified by demonstrable cost differences. Furthermore, manufacturers who have sold primarily to one class of buyer and only de-

sultorily to others, may decide that discretion calls for abandoning any minor group whose business can be obtained only by a price differential. And small manufacturers and distributors, feeling themselves unable to afford sufficiently elaborate costing systems, or the expense of a defense before the Federal Trade Commission, may in fact eliminate either discounts or certain customers legally retainable under the Act.

Some enterprises are considering the possibility of decentralizing their structure in some way so that separate units, perhaps subsidiaries, will concentrate on particular customer classes. Whether such an arrangement would eliminate the question of discrimination, is doubted by most authorities, but they do recognize some advantages from the point of view of keeping cost records.

Some believe that a finely graduated system of quantity discounts and discounts for special selling and delivery services, will develop in the place of functional discounts, but that the change will not be so great inasmuch as functional discounts themselves were, originally at least, approximations of differences in quantity and method.

62. *Knowledge About Customers.* It is expected by many that, in order to establish proper price structures, manufacturers and distributors will need to improve greatly their knowledge of the kind and amount of competition prevailing among their various customers, including customers of various types such as wholesalers, jobbers, converters, assembling houses, and retailers. Normally a phase of market analysis where performed at all, the sharpened insight into market conditions conferred by this requirement, may have the effect of stimulating market analysis in the broader sense as an official company policy.

Beyond this broad requirement, will be the necessity of knowledge about individual customers. In the past, erroneous classification of a customer involved no more than a small reduction in net sales. Now it could result in an unjustified price discrimination, with unfortunate legal consequences.

This problem is aggravated when one assumes the legitimacy of functional discounts and more than one function is performed by a given buyer. For example, a wholesaler may also act as a retailer for certain lines. Consequently, to some sellers, he may be a wholesaler, to others a retailer. Beyond that, he may act as both wholesaler and retailer on identical products. In such cases, should he receive the wholesale discount for that part of his business which is retail? Obviously, if it is possible to obtain a general wholesale discount when the bulk of one's activity is retailing, injury to competing "pure" retailers may be demonstrable. Some believe that this difficulty will lead to a segregation of business, and the practice of selling in such cases on a retail basis, with rebates on that part of the business later shown to have been done at wholesale; others that if a substantial part of the business is done at wholesale, practical administration will permit all sales to be made on such a basis to such customers.

63. *More Owned-Outlets.* It has been suggested that some manufacturers and distributors, feeling their policies of selective distribution to be made difficult by the entanglements of the Act, will establish their own retail outlets in lieu of some classes of existing retail and wholesale customers. This would permit them to distribute their selling effort at will among their own outlets. However, most analysts seem to feel that the tendency will be much stronger to center price structures around a single type of customer, making all sales to wholesalers, to chains, or to retailers, with quantity or functional discounts or both according to the way in which the law is interpreted, as the main variants from a single base price.

64. *Vertical Integration.* It is widely predicted that mass distributors will go into manufacturing to some indeterminable, although probably no great extent. Opinions naturally differ on this point. The same thing can be accomplished without the same finality, by contracting for the entire output of smaller manufacturing concerns. Such a disposition on their part would likewise relieve the supplying manufacturers of any risk under the law. A still further type of arrangement which some believe would isolate the transaction from the law's immediate jurisdiction, is the conversion contract, under which the distributor provides the raw materials and hires the manufacturer to process them for him. Thus the manufacturer sells only service, not commodities.

Or course, vertical integration already exists to a considerable degree. While it may be encouraged by the desire to avoid possible entanglements with the law, it is held doubtful by a number of business analysts whether such extension will provide much economic advantage. Since the law permits the obtaining of full economies arising from quantity and reduced selling and delivery costs, some raise the question as to how often further advantages would be obtained by direct ownership which were not present prior to the passing of the Act. Such as there are would be partially offset by pyramided administrative burdens. Yet, because the law requires that overhead be distributed over the entire output, it is obvious that the large buyer taking part of the total output from a plant partially idle, would have to carry his share of the cost of the idle capacity. Under such circumstances, another arrangement for his supply could conceivably rid him of that burden.

As a general proposition, it is suggested that vertical integration will be less likely to develop in industries requiring heavy capital investment such as textiles, than in the lighter industries such as some types of food manufacture.

65. *Limitation to Intra-State.* Considerable retirement into intra-state commerce is predicted by some, especially where relatively unimportant business across state lines subjects the enterprise to possible attack under the law. Pointing out that the law places a premium on intra-state business, they anticipate a general shift toward decentralization of mass production and with it, of mass distribution. To what extent, these purposes can be accomplished by subsidiaries, is a matter of disagreement. A partial check to any such trend will probably be supplied by state laws following the Robinson-Patman pattern.

66. *Loss Leaders.* To the extent that loss leader practices have been made possible by extraordinary price concessions, they may be discouraged. The consequences of this are difficult to predict. In some cases, where wholesalers have been giving a close price to retailers to enable them to meet loss leader competition, they may take the opportunity to shorten their retail discounts. This may provoke manufacturers into seeking other methods of maintaining maximum pressure at point of sale, as for instance, by direct selling to retailers.

In order to continue the practice of conspicuous low-price selling, some outlets may transfer their emphasis to products whose character will permit large quantity discounts not previously sought or granted, or may even contract for entire outputs of manufacturers in the products which they wish thus to feature.

67. *Drop Shipments.* Drop shipments may be curtailed because of the manufacturers' inter-state liability for any resulting discrimination. If for instance a small shipment were made by a manufacturer to one of his wholesaler's customers and the wholesaler were credited with the discount customarily accorded him on his cumulative business, the manufacturer might be held responsible for a violation of the Act.

68. *Consignments.* In some manufacturing quarters, attention is being given to the possibility of obtaining greater freedom of action under the law by consigning to wholesalers, reimbursing them on a commission basis, and either making one price to retailers or devising a graduated quantity schedule for them. In such cases, it is assumed that wholesalers' commissions would have to conform to the intentions of the law. It may also be assumed from previous court decisions that the mere designation of a distributor as an agent will not provide escape from responsibility under the law; the agency must be legitimate.

Other manufacturers seem to be edging away from consignment selling because of the increased burden of keeping prices equitable to a vastly larger number of customers, and the difficulty of measuring the additional costs involved in such transactions.

It is sometimes argued that an occasional consignment to some customer, even where others are compelled to buy on straight sale, will be lawful if the manufacturer cannot dispose of his merchandise in any other manner. If such a construction is accepted by the Courts, the difficulties of policing and of drawing the line of propriety are obvious.

69. *Resident Buyers.* Resident buyers may find the need for their services directly affected by the new limitations on volume-price bargaining. This may throw some of the business now done by them, back into orthodox wholesaler channels, although that theoretical outcome could be neutralized by the concentration of buying into fewer but legally responsible hands.

70. *Co-Operatives.* Some experts feel that an impetus will be given to consolidation of voluntary groups and retailer-owned wholesalers to enable them to take the entire output of small factories and thus avoid discrimination entanglements. On the other hand, if the law does succeed in reducing price spreads, it may work to the disadvantage of such groups because of the lessened need for price equalization, the principal driving force behind the movement.

It seems possible that the functions of those groups now loosely styled co-operative associations, will be more closely examined to see which of them are really entitled to the special considerations permitted by the law. An association which places orders, carries the credit and pays the bills, may be entitled to a price based on its total purchases. If, completing this particular distinction, it is really no more than an agent of its several member buyers, it may not be entitled to a quantity discount based on total purchases, and certainly could not collect a brokerage fee from the seller. If distinctions of this sort are made by the Commission or the Courts, it may promote a recasting of such associations into more closely knit entities.

An impetus may be given to consumer co-operatives if functional discounts are wiped out, as heretofore they have often stood further down the classification list than would be the case if they were rated on a straight volume-economy basis.

71. *Trade Association Activity.* The leadership which trade associations have taken in considering the Act, is regarded by many as forecasting a marked increase in their activity in connection with its many projected developments. Not only are they serving at the moment as a clearing house for opinions and experience, but in the long run may serve most usefully in developing conditions which will contribute to effective operation—uniform cost accounting, market analysis not only in the broad sense but in the narrower problems of trading areas and competitive relationships, product standardization, price publicity and the like. They may promote clarification through Trade Practice Conferences and the development of test cases.

On the other hand, some lawyers have issued the warning that care must be taken to keep co-operative action in the field of prices within the limits set by the Sherman Act. The line between the development of knowledge and "combinations in restraint of trade" will not always be easy to draw.

#### The Administrative Range

Equally important with these reactions to the substantive provisions of the law are the more general attitudes and expectations of business with respect to the administration of the law. Some look upon every legal uncertainty, every difficult application of it to petty practices, as points of probable breakdown. Others keep their eyes fixed stubbornly on its broad purposes, expecting it to take form around the extreme cases at which it was directed rather than all the hodge-podge variations in price and service with which routine business abounds.

The first group sees the law foundering on a multitude of small transactions responding affirmatively to the question "does a casual or technical cause of action exist here?" They visualize a test of the law down to the last line and the smallest issue. The second argues that all law might break down if pressed at every vulnerable point, or be subject to an incessant and impractical amount of revision. They would ask rather, "Where are the differentials in treatment of different customers so pronounced as to constitute an affront both to law-abiding business and to governmental enforcing agencies, through their real threat to competition as the law conceived it?"

It is true that a tremendous amount depends upon the administration. In a derived sense it is as important as the law itself. The business man has to rely, not only upon his own common sense as is so often and truly said but also upon that of the Federal Trade Commission and the Courts. This is new country into which he is being led, a country still bare of comfortable customs and tolerances, and he has considerable right to be led gently. Men are already talking of the need for "reasonableness" in applying the law, hoping to borrow from older Anti-Trust litigation some judicial consideration in easing its harsher restrictions. That has been made somewhat difficult by the many particularizations of the Robinson-Patman Act. There are fewer unmarked boundaries in this new land than abounded in Section 2 of the old Clayton Act. This time Congress staked out very *firmly* the general ground it meant business to occupy and put barbed wire around *it* so that there could be no mistake about its meaning. Nevertheless, there still remain many uncertainties, and consequently there is considerable place left for reason, which in the case of this law assures administrative and judicial agencies of a chance to work at least sympathetically with business *in* its struggle to make a new start.

After all, to start at a basic point, decisions must be made as to whether competition either generally or with some specific person was injured. Does loss of a sale comprise such injury? Or does the injured party have to relay his story through a Bankruptcy Court before it is to be taken seriously? Furthermore, even the best of Congressmen could not write a law which would deal explicitly with all the minutiæ of Twentieth Century business intercourse, and even a shift of the burden of proof onto a respondent cannot altogether foreclose the possibility of his being innocent. The experience with railroad regulation suggests that the development of satisfactory cost computations may be a long and weary road. Here again, much depends upon the attitude of the administrative agency. It can be a most unsettling process, or it can be one of real benefit to industry.

As has already been suggested, there are moderate constructionists of this law who feel that its principal weight can properly be laid against outstanding cases, tapering down from them into the dimmer and less cogent levels of small business competition as consistency might require. And while they are about it, they would make consistent misbehavior a necessary test of illegal discrimination, ruling out the casual misstep as unimportant to the law. This is returning to a mere comparison of current opinions, but the existence of such a diversity of opinion among informed men at least suggests the possibility of latitude in administration.

For altogether different reasons the immediate results of the Act may be less than the present excitement suggests. It will probably require the Commission and the Courts a considerable period to act in test cases. This, of course, may have more bad aspects than good for business at large. As a matter of fact, some attention seems already to have been given to the possibilities (1) of applying to the Federal Trade Commission for Trade Practice Conferences wherein the application of the law to the specific applying industries could be worked out, and (2) of applying to the Federal Court for declaratory judgments on doubtful points.

However, the impact of the law is far more than a matter of Commission and Court action. Were it declared unconstitutional tomorrow, its influence would still be felt. Many enterprises have already introduced changes into their practices which they would endeavor to maintain even without legal support. The discussion of price structures and channels of distribution which the law has stimulated, has given circulation to many new ideas. As time goes on, increased knowledge of costs and markets cannot help but have its effect. The chief administrative agency of the law is business itself.

# PUTTING THE RETAIL SURVEY TO WORK IN SALES PROMOTION

by WALTER MITCHELL, JR.

LAST week many thousand subscribers to the Dun & Bradstreet Credit Service were receiving copies of the reports they had ordered from the list of more than 100 trades covered by the 1936 Retail Survey. These concerns find the Retail Survey especially useful in two departments: Credit and Sales. In the first instance, it is a measuring stick to aid in appraisal of the operations and future prospects of an individual customer. In the second case, it frequently indicates the most promising spots for sales and advertising effort. The covering folder in which these reports reached the users carried the following comments and suggestions based upon the experience of previous users:

"The analysis of a profit and loss statement by reducing it to percentages of net sales and comparing it with average operating ratios, is well known. Table II in which several sales volume groups of concerns are tabulated separately in various sizes of towns, is recommended as the most practical for this purpose. Every retailer who contributed to the Survey has been furnished with detailed instructions on the use of the report for his own trade. A salesman, calling regularly on his list of retailers has an unequaled opportunity to help them in the use of the Survey as a measuring stick. Salesmen state that they are more than reimbursed by the good-will which such service frequently yields. In using the figures, it should be remembered that an average is not a mold into which every enterprise should be poured, but is a measure for determining the degree of difference between the average experience, and that of the individual examined. Survey figures also furnish indications as to whether such variations are advantages or disadvantages for the enterprise in question.

"The possible uses of the Retail Survey in selling are manifold, and as yet, are not fully explored. If your product is distributed through several types of retail stores, and the Survey shows that one or two of these groups have been recovering more rapidly than th others, it appears probable that they are a comparatively more promising market for your product. The competitive relationship between various types of retailing is constantly changing and Table I makes possible a convenient comparison between trades.

"Within any one retail trade which you serve, where is the most promising market regionally, by size of concern and by size of town? The 1935 improvement in sales and the proportion of profitable concerns, in most trades, varies widely in the several areas shown by Table III.

"In some trades, the fortunes of large concerns in the large cities are quite different from those in the small towns. In other trades, small concerns may be doing notably better than large ones, or vice versa, and may show wide variations, according to the size of community served. If your sales quotas are computed on the basis of last year's performance, it might be reasonable to expect a certain territory to exceed its quota if retail sales there have increased exceptionally. The concentration of greater sales effort on a notably prosperous size of town or size of store might likewise deserve consideration. Such hints will be the most valuable feature of the Survey to many a manufacturer and wholesaler."

The use of the Survey by two retail grocers for measuring their 1935 performance, was described in last month's issue of the *Review*. What about the use of Survey reports for analyzing market possibilities?

Consider the problem faced by Jack Cohen, sales manager for Novelty Garment Company, leading wholesalers of women's $6.75 dresses (wholesale price) in New York City. Practically his entire volume was, until the depression, sold right in New York to buyers for department stores, syndicates and chain organizations. They were "good pay," but prompt collections did him no good if he couldn't show a profit at prevailing prices. The old group of customers became such hard buyers and competition for these outlets became so severe that he began to study the possibilities of other outlets for part of his production. He knew from the Census that there were more than 17,000 Women's Ready-to-Wear specialty shops in the United States in 1933. Only a few of the large ones ever were able to send their own buyers to New York regularly and some of those were curtailing buying expenses to meet depression conditions. The majority of these medium-sized individual shops had always been represented in New York by resident buyers, but those buyers had no particular partiality for Cohen's firm; in fact, it was their job, on behalf of clients, to play one manufacturer against another. Moreover, reliable reports had reached him that some wholesalers in New York and other cities were doing a profitable slice of their business by direct contact with the retail shops,

maintaining, through the resident buyers and by mail order, the contacts made originally by field men.

As an experiment, he started a direct mail campaign and put two men on the road. He found there was some business to be had, and at better average prices than he was able to obtain from New York buyers, because less clothing had to be closed out at job lot prices. The difficulty was that the salesmen drew too many blanks, too many fruitless calls for every one that established a good customer contact. Even though the combined efforts of the traveling men and the Credit Manager served to weed a lot of poor names out of the prospect list and improve the "batting average," his business with ready-to-wear shops just about held its own and has not justified additional expenditure on the experiment. The average net worth of these new customers was a small fraction of the capitalization of a large retail chain, but the process of spreading the credit risk more than compensated; and everyone in the organization still remembered the strain which came when one of the biggest customers went bankrupt with a resounding and unexpected crash in 1930.

About a month ago, being a regular subscriber to Dun & Bradstreet credit service, Novelty Garment Company received the 1936 Retail Survey order blank. The Credit Manager passed it on to Cohen and they checked off the Surveys for Women's Accessories and Other Apparel Stores, Women's and Children's Ready-to-Wear Shops, Children's and Infants' Ready-to-Wear Shops, Family Clothing Stores and Men's and Boys' Clothing Stores among the Apparel Group. They also ordered copies of the Large Department Store, City General Merchandise Store, Country General Store and Dry Goods Store Surveys in the General Merchandise Group.

When these arrived, Cohen decided to make a comparison between the several trades represented by his customers. Although sales promotion effort had been focussed on ready-to-wear shops the salesmen had naturally picked up orders anywhere they could find them, and the company's books carry the names of good customers in almost all of the apparel and general merchandise trades.

Sales Manager Cohen reasoned that the percentage of profitable stores in various trades would indicate the relative prospect of prompt collections; the increase in sales over the previous year would predict the degree of willingness to take on a new line, and the likelihood of growing accounts. He added to his comparison the ratios on percentage increase in inventories, which should show whether the trade as a whole had built up inventories more rapidly than was justified.

As he looked down the column the sales figures confirmed the general report that the apparel trades have not recovered recently as rapidly as the general average of business conditions.

On the negative side, he noted that dry goods stores made by far the poorest showing in sales, although the reports included a higher-than-average percentage of profitable concerns. On the average they had stepped up their inventories twice as fast as sales were increasing, which might or might not be good business. That confirmed the general trade comment that the old-time neighborhood dry-goods stores who had tried out Ready-to-Wear were now almost entirely Ready-to-Wear shops, and that those few dry-goods stores which were able to survive without adding a line of Ready-to-Wear were so conservatively managed that they were neither easy prospects nor dangerous competitors.

He knew that many of the small department stores in cities had grown from neighborhood dry-goods stores by the addition of other departments and a line of clothing. These stores appeared to be doing comparatively well in terms of sales growth and the cash outfits were decidedly ahead of the credit concerns in their proportion of profitable enterprises. In addition, they were not generally overloaded with goods, had kept their additions to inventory in step with sales growth, and should have

### RECOVERY RECORD OF APPAREL AND GENERAL MERCHANDISE TRADES—1935

| Trade Number | Description | Per Cent of Profitable Concerns | Increase in Sales 1934-1935 | Increase in Inventory 1/1 to 12/31 |
|---|---|---|---|---|
| 15x | Large Department Stores | .. | 5.0% | |
| 15 | Small Dept. Stores (Cities) | 60 | 6.3% | 5% |
| | Cash | 75 | 6.2% | 7% |
| | 20—50% Credit | 58 | 7.3% | 5% |
| | Over 50% Credit | 41 | 3.4% | 3% |
| 16 | Country General Stores | 54 | 8.5% | 2% |
| | Cash | 55 | 5.4% | 2% |
| | Credit | 55 | 9.2% | 1% |
| 17 | Dry Goods Stores | 62 | 2.3% | 4% |
| | Cash | 63 | 2.7% | 5% |
| | Credit | 65 | 1.7% | 3% |
| 29 | Women's Ready-to-Wear | 56 | 5.8% | 11% |
| | Cash | 57 | 5.0% | 11% |
| | 20—50% Credit | 54 | 6.2% | 13% |
| | Over 50% Credit | 53 | 6.2% | 14% |
| 30 | Children's Ready-to-Wear | 51 | 14.0% | 11% |
| 31 | Family Clothing | 72 | 6.0% | 7% |
| | Cash | 70 | 4.2% | 7% |
| | Credit | 85 | 5.3% | 4% |
| 26 | Women's Accessories | 60 | 5.5% | 9% |
| 23 | Men's and Boys' Clothing | 76 | 9.8% | 9% |
| | Cash | 77 | 11.1% | 12% |
| | 20—50% Credit | 80 | 9.8% | 6% |

the working capital to take on a new line. Until now he has never put any particular emphasis on this group but it looked worthwhile to have the salesmen make an aggressive effort to establish contacts with these small cash department stores. Their record may indicate a trend of trade away from the congested downtown areas and a long-term development in which their prosperity might carry the Novelty Garment line with it.

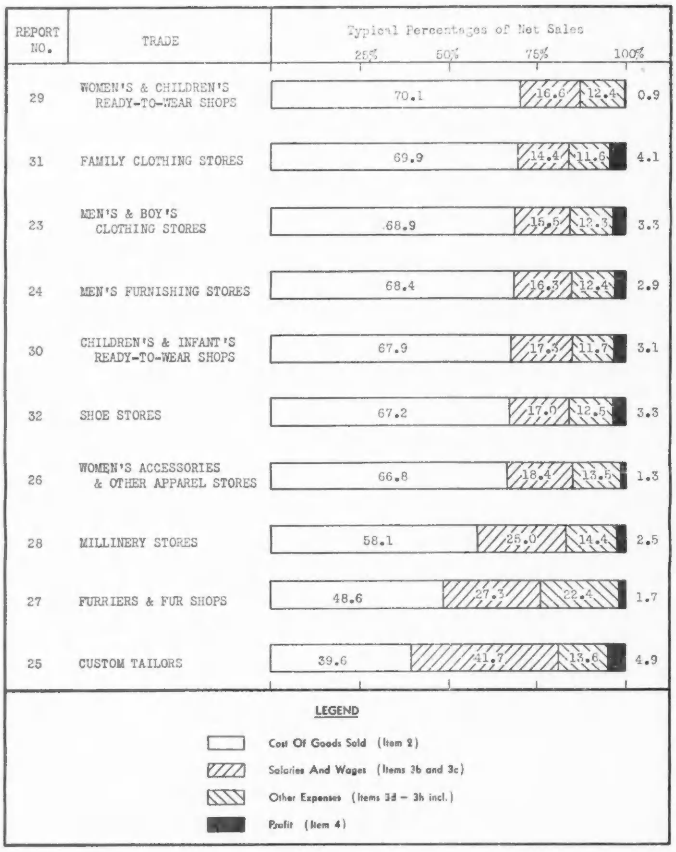
The small sample of Children's Ready-to-Wear shops which had reported in the Dun & Bradstreet Survey made the extraordinary record of a 14 per cent increase, larger than any other clothing trade. There are relatively few such shops and they concentrate in the larger cities, but trade paper notes reveal that some of them are adding lines of women's ready-to-wear, which sounds like a logical move once a well-to-do feminine trade had found its way into the shop. If some of these growing concerns could be persuaded to feature the line it might be worthwhile.

Family clothing stores, strictly a small town type of retailing, showed rather favorable results and an exceptionally large proportion of profitable concerns. This combination of news would seem to indicate that such stores are worth consideration insofar as they can handle Ready-to-Wear in his price bracket.

Jack Cohen examined the record of Men's and Boys' Clothing Stores with interest because of the recent tendency of those concerns in the larger cities to add a line of women's wear. Certainly some such concerns must be among the reporting groups, and they had apparently not damaged the profit record of the trade. Sales had increased more in this trade than in any other important apparel line. Inventory increases had kept step with sales but did not indicate an overstock.

## APPAREL GROUP

Graphic Summary
of the
Division Of The Retail Dollar




From that general cross-section of trades, he turned to the examination of the individual trade in detail—first, Women's and Children's Ready-to-Wear Shops. He found that the Survey covered almost 600 of them, which should be a pretty good sample, and that almost half of them are operating on a cash basis, which might account for the fairly good pay record among such shops on the books. An adverse general indicator was that inventories had increased more than twice the percentage of sales increase, suggesting that many shops might be too heavily stocked to be prompt pay on added purchases.

His first interest was the regional breakdown shown on the back of the folder. The West North Central States, including Missouri, Iowa, Kansas, Nebraska and the Dakotas, (which are at this moment the center of the drought), enjoyed by far the largest increase in sales for 1935 as compared with 1934 and did about three times as well as New England or the North Atlantic area. In general, it has been Jack Cohen's experience that business recovery, once it is started, keeps on in any community unless upset by extraordinary forces. This indicated that Missouri and Iowa would continue to be worthwhile markets. Furthermore, the drought areas had never been important in his distribution because outside of the large cities, the prevailing size of specialty shops is too small and the distance between calls too great to canvass profitably unless they lie along the salesman's route.

The East South Central area also showed an impressive sales increase, but this area had never meant much in his distribution because of the large negro element and low purchasing power of the population in Mississippi and Alabama. The Survey reflected this with only 15 reports from that

area, as compared with 74 from the West North Central previously discussed.

Better than average sales records were shown by 133 concerns reporting from the East North Central area, including the manufacturing and farming States of Illinois, Indiana, Ohio, Michigan and Wisconsin, and by the Rocky Mountain and Pacific Coast groups. He found that this made an interesting comparison with department store monthly index figures which he had seen a few days ago in the trade press. These indicated that department stores in Cleveland, Dallas and San Francisco Federal Reserve Districts were reporting the conditions good, with the St. Louis area fairly well up the list. This meant, in terms of regions, that the markets he should canvass intensively during the coming season were the Middle West,—including Missouri and Iowa—and the Pacific Coast States. Whereas the Dallas area might be doing well, he had found the competition of Southern manufacturers difficult and, with their advantage of being on the ground, he concluded that he would be satisfied with whatever business be could conveniently get from that area.

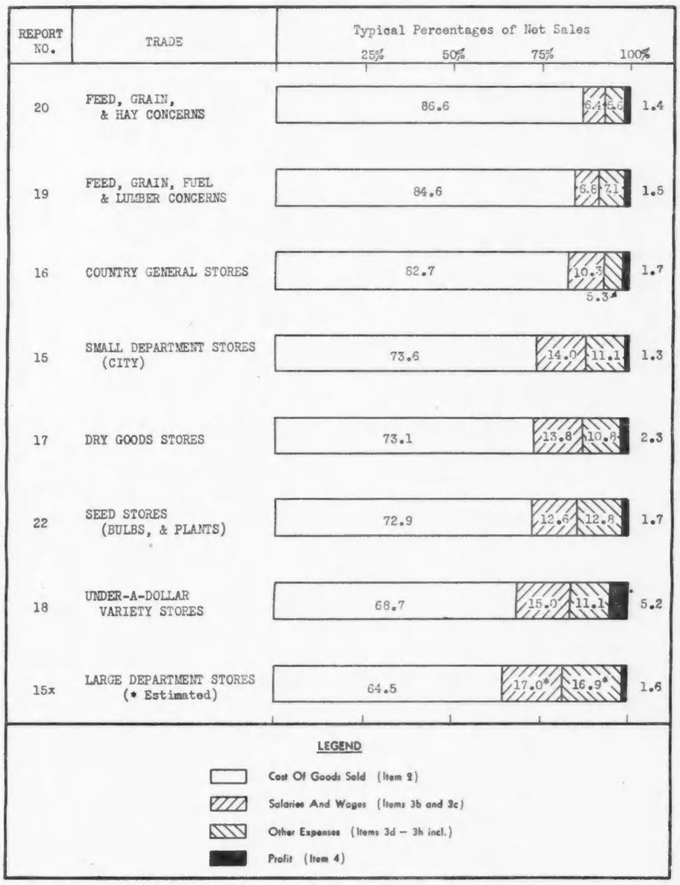
Next, he turned to the tables inside the folder where the individual shops are grouped by size of concern in dollars of sales and by size of town in terms of population. He compared the number of concerns listed in Table IIa with the number of profitable concerns segregated from the group and tabulated in Table IIb. Less than one-half of the very small concerns were making a profit. In the next size group, of $10,000 to $20,000 a year, a little more than half the concerns were making a profit and the proportion was best in the largest cities. In the $20,000 to $50,000 group, the profitable concerns were back about to the 50-50 mark and among the reports in the Survey a very small proportion of the large shops made money. While the Survey did not permit him to make absolute conclusions, his general feeling was that the medium size shops in the medium and larger cities are likely to be his best prospects.

Next, he picked up the Survey of "City General Merchandise Stores." He noted that their typical net sales of the stores covered by the report were about $46,000 per year; certainly those in smaller towns and remote from large cities are much too small to be sending a buyer to market and doubtless resemble small ready-to-wear shops in their buying practices. Regionally, these stores showed a striking contrast to the women's ready-to-wear shops. Although the sample of concerns reporting from the West South Central States, including Texas, comprised only 17 stores, it permitted a tentative conclusion. The small "department stores" reporting from that area were doing by far better than any other area. This was the exact opposite of the conditions in the women's ready-to-wear trade and might reinforce the old trade comment that some cities are "specialty towns" and others are "department store towns." The size breakdown for this trade was less valuable as a marketing guide because of the limited number of reports.

Mr. Cohen tucked the Survey reports and his sheet of figures into a folder with some satisfaction. He did not consider his studies a complete market analysis, but it gave him a basis for planning a more intensive and definite sales campaign. At his next salesmen's conference, they would go over his tentative conclusions and plan "selective distribution." Perhaps his pet experiment would prove profitable after all.

## GENERAL MERCHANDISE & FARMERS SUPPLIES

Graphic Summary of the Division Of The Retail Dollar



# ANALYZING THE RECORD OF COMMERCIAL FAILURES

THERE were only 639 commercial failures reported in July. Not since September, 1920, has there been such a low monthly figure, and only twice since 1894 has there been a lower July figure, in 1919 with 452 failures and 1899 with 591. Like last month, liabilities were at an unusually low level, being slightly below $10,000,000.

**July Failures, 1920-1936**

| Year | Number | Liabilities |
|---|---|---|
| 1936 | 639 | $9,903,999 |
| 1935 | 902 | 16,522,817 |
| 1934 | 870 | 16,555,113 |
| 1933 | 1,375 | 22,980,543 |
| 1932 | 2,596 | 87,189,639 |
| 1931 | 1,983 | 60,997,853 |
| 1930 | 2,028 | 39,826,417 |
| 1929 | 1,752 | 32,425,519 |
| 1928 | 1,723 | 29,586,633 |
| 1927 | 1,756 | 43,149,974 |
| 1926 | 1,605 | 29,680,009 |
| 1925 | 1,685 | 34,505,191 |
| 1924 | 1,615 | 36,813,238 |
| 1923 | 1,231 | 35,721,188 |
| 1922 | 1,753 | 40,010,313 |
| 1921 | 1,444 | 42,774,153 |
| 1920 | 681 | 21,906,412 |

The current figure for the total number of reported cases of business difficulty not only continues but accelerates the decline evident during recent months. It is customary for July to report a smaller figure than June. However, in the current year, the decline is unusual in degree. The number is 17.3 per cent less than that for June, although when measured in terms of reported liabilities, there is a slight increase.

When compared with a year ago, the decrease is even more extreme. The number of cases is reduced by 29.2 per cent, while liabilities are decreased by 40.1 per cent. Of course, the liabilities figure is greatly affected by a few large cases each month. As will be pointed out in greater detail later, the number of cases with large liabilities has declined markedly in recent months.

In any long range comparison, it is important to keep in mind that the 77-B reorganization procedure was first effective in June, 1934. These cases would presumably have been reported as commercial failures had there been no change in the basic law. The current analysis, however, covers the second month for which three-year comparisons for a specific month are possible without making special allowance for the 77-B cases.

Unfortunately, it is not possible to obtain liabilities figures for the 77-B cases, but the most casual examination indicates that they tend to include the larger cases of business difficulty. The revised figures for 77-B cases, published for the first time last month, show that the numbers involved in both methods of liquidation have tended to move

**Number of Failures**

| | 1936 | 1935 | 1934 | 1933 |
|---|---|---|---|---|
| January | 1,077 | 1,146 | 1,317 | 2,889 |
| February | 856 | 956 | 1,017 | 2,367 |
| March | 946 | 940 | 1,069 | 1,912 |
| April | 830 | 1,083 | 1,020 | 1,902 |
| May | 832 | 1,004 | 942 | 1,846 |
| June | 773 | 944 | 992 | 1,596 |
| July | 639 | 902 | 870 | 1,375 |
| August | ... | 884 | 872 | 1,427 |
| September | ... | 787 | 771 | 1,075 |
| October | ... | 1,056 | 1,039 | 1,167 |
| November | ... | 898 | 882 | 1,195 |
| December | ... | 910 | 933 | 1,108 |
| Total U. S. | ... | 11,510 | 11,724 | 19,859 |

**Liabilities**

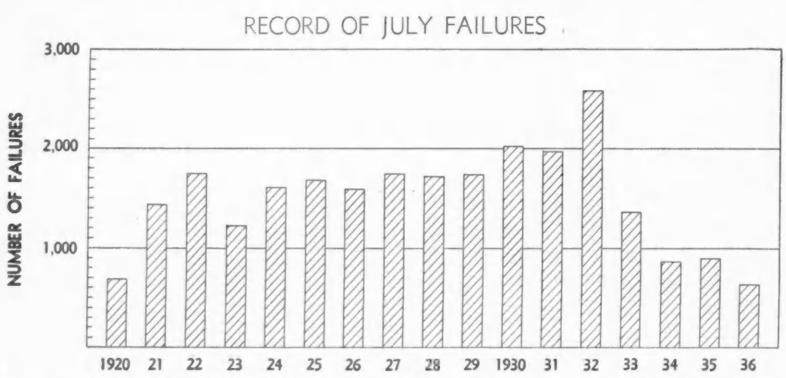
*(Thousands of dollars)*

| | 1936 | 1935 | 1934 | 1933 |
|---|---|---|---|---|
| Jan. | 18,104 | 14,603 | 29,035 | 77,064 |
| Feb. | 14,089 | 15,217 | 16,772 | 63,694 |
| Mar. | 16,271 | 15,361 | 24,002 | 44,806 |
| Apr. | 14,157 | 16,529 | 22,871 | 49,522 |
| May | 15,375 | 14,339 | 20,787 | 43,469 |
| June | 9,177 | 12,918 | 20,591 | 31,697 |
| July | 9,904 | 16,523 | 16,555 | 22,980 |
| Aug. | ..... | 13,266 | 15,703 | 37,287 |
| Sept. | ..... | 17,002 | 15,552 | 16,663 |
| Oct. | ..... | 17,185 | 16,973 | 27,254 |
| Nov. | ..... | 14,384 | 14,376 | 21,210 |
| Dec. | ..... | 15,686 | 16,981 | 21,874 |
| Total U. S. | ..... | 183,013 | 230,198 | 457,520 |

in parallel lines. In both instances, the second quarter of the year was the lowest quarter in recent years. Furthermore, both types of liquidation or reorganization established new low records for recent years, in July.

### Insolvency Index

The most significant single figure in the record for purposes of seeing the trend, is the insolvency index. It corrects the original data for number of reported failures so that the underlying movement of this business indicator is depicted much more accurately. The insolvency index measures the annual rate at which business concerns would fail if the number of actual failures in any one month and the estimated total number of business enterprise prevailed throughout the year. To obtain the index number, failures in the month are divided by the number of working days in the period and the result is multiplied




*The drop in July failures to 639 establishes a new low level for recent years. The reduction in total liabilities was even more striking.*

by the number of working days in the year. This is expressed relative to the total number of business concerns as determined from the names listed in the Dun & Bradstreet Reference Book. The insolvency index has been revised recently, and revised figures since 1933 are given in the table along with figures for earlier years.

The insolvency index for July indicates an annual rate of 38.2 failures for each 10,000 firms in business. This takes into account the fact that there was an appreciable increase in the number of enterprises in business during the month, and that the period covered in July included one less working day than did June. These modifications have the net result of reducing somewhat the apparent decline from June to July.

The corrections which appear in the index tend to smooth out many of the irregularities shown by the original data, as well as to permit more accurate comparisons between different years. During the first six months of this year, the decline shown by the index corresponded rather closely with the average monthly behavior for 1925-1929, a period when no decided upward or downward trend was in evidence. However, using the same criterion, the reduction of the index by 14.2 per cent in July must be set against an average decrease in the earlier period of 5.1 per cent.

**Percentage Change, June to July**

| | Plus | Minus |
|---|---|---|
| 1921 | 13.2 | |
| 1922 | 4.7 | |
| 1923 | 13.3 | |
| 1924 | 0.2 | |
| 1925 | | 4.1 |
| 1926 | | 6.3 |
| 1927 | | 2.7 |
| 1928 | | 7.8 |
| 1929 | | 4.4 |
| 1930 | | 1.8 |
| 1931 | | 0.3 |
| 1932 | 0.7 | |
| 1933 | | 10.4 |
| 1934 | | 12.3 |
| 1935 | | 8.2 |
| 1936 | | 14.2 |

In order to indicate the usual pattern, to the degree that any is evident, percentages of change from June to July for each year since 1921 are given above. It must be remembered that the general trend for failures was one of an increase from a low level in 1920 to 1922, then a brief decline followed by a gradual increase from 1924 to 1932, and a sharp reduction gradually levelling off thereafter.

## DUN'S INSOLVENCY INDEX

**Apparent Annual Number of Failures for Each 10,000 Listed Commercial Enterprises**

| | New Series | | | | Old Series | | | | Average |
|---|---|---|---|---|---|---|---|---|---|
| | 1936 | 1935 | 1934 | 1933 | 1933 | 1932 | 1931 | 1930 | 1925-29 |
| January | 62.8 | 66.7 | 77.0 | 172.5 | 179.4 | 201.8 | 188.4 | 150.2 | 139.5 |
| February | 56.4 | 66.0 | 67.3 | 155.4 | 159.0 | 165.9 | 169.0 | 146.7 | 128.2 |
| March | 53.0 | 55.0 | 60.4 | 109.1 | 111.4 | 159.7 | 146.0 | 128.4 | 110.4 |
| April | 50.3 | 63.5 | 62.4 | 117.3 | 119.6 | 158.0 | 134.1 | 125.0 | 107.4 |
| May | 46.3 | 58.8 | 55.4 | 107.8 | 113.9 | 162.0 | 131.7 | 119.9 | 104.5 |
| June | 44.5 | 57.5 | 58.4 | 94.4 | 99.9 | 155.2 | 112.4 | 114.4 | 100.8 |
| July | 38.2 | 52.8 | 51.2 | 84.6 | 90.4 | 156.3 | 112.1 | 112.4 | 95.7 |
| August | .... | 49.8 | 49.5 | 80.9 | 86.7 | 155.5 | 111.3 | 105.7 | 90.9 |
| September | .... | 50.0 | 48.8 | 65.7 | 71.0 | 132.1 | 114.0 | 112.9 | 87.2 |
| October | .... | 61.8 | 60.7 | 71.1 | 76.6 | 137.8 | 134.7 | 117.0 | 90.2 |
| November | .... | 59.4 | 55.8 | 75.8 | 82.1 | 130.9 | 141.2 | 127.0 | 107.1 |
| December | .... | 53.3 | 56.6 | 67.4 | 74.0 | 145.3 | 158.8 | 140.7 | 112.0 |
| Yearly Average | 50.2* | 57.9 | 58.6 | 100.2 | 105.8 | 153.3 | 133.4 | 120.7 | 106.2 |

(*) Based on first seven months.

Thus it becomes evident that the current percentage decrease exceeds any reduction during a similar period in recent years, even including the period when the trend was falling sharply in 1933 and 1934. Furthermore, in no other month during the last two years, has the reduction in the index been so unusual. The net result is that, whereas the average for the first seven months of 1935 was 60.0, the same period in 1936 averages 50.2.

### The Largest Failures

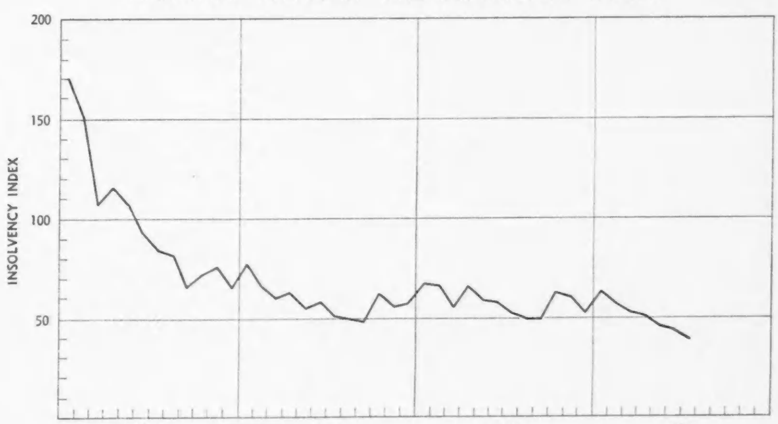
Ten failures with liabilities of $100,000 or more were reported during July of this year. This is a decrease of two from the number reported in June, and represents the smallest number of these large failures in recent years. Inasmuch as the 77-B procedure has now been available for twenty-six months, its initiation will no longer explain the current trend of cases with large liabilities. The analysis of the 77-B cases, presented elsewhere, indicates that a parallel decline has been recorded there.

The following table shows the number recorded for the first seven months of 1936 according to major divisions of industry:

| | Number of Large Failures | | | | | | |
|---|---|---|---|---|---|---|---|
| | I | II | III | IV | V | VI | VII |
| Manufacturing | 9 | 10 | 6 | 5 | 2 | 5 | 2 |
| Wholesale trade | 2 | 3 | 1 | 1 | 1 | 2 | 3 |
| Retail trade | 1 | 6 | 5 | 2 | 3 | 1 | 1 |
| Construction | 6 | 3 | 10 | 5 | 7 | 3 | 3 |
| Commercial service | 2 | .. | 1 | .. | 1 | 1 | 1 |
| Total | 20 | 22 | 23 | 13 | 14 | 12 | 10 |

Manufacturing, showing a reduction of three from last month, falls from its position of leadership. Wholesale trade increased

MONTHLY TREND OF THE INSOLVENCY INDEX




*The Insolvency Index, which takes into account the number of firms in business and the actual number of working days in the month, declined to 38.2, the lowest point reached in recent years.*

## Monthly Failures by Industrial Groups—1934-1936

| | | Number | | | | | | Percentage | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Manu-facturing | Wholesale Trade | Retail Trade | Con-struction | Commercial Service | Manu-facturing | Wholesale Trade | Retail Trade | Con-struction | Commercial Service |
| 1934 | January ... | 1,317 | 208 | 114 | 852 | 76 | 67 | 15.8 | 8.6 | 64.7 | 5.8 | 5.1 |
| | February .. | 1,017 | 175 | 86 | 635 | 65 | 56 | 17.2 | 8.5 | 62.5 | 6.3 | 5.5 |
| | March ..... | 1,069 | 194 | 78 | 631 | 92 | 74 | 18.2 | 7.3 | 59.0 | 8.6 | 6.9 |
| | April ...... | 1,020 | 177 | 89 | 599 | 79 | 76 | 17.4 | 8.7 | 58.7 | 7.7 | 7.5 |
| | May ....... | 942 | 165 | 89 | 556 | 68 | 64 | 17.6 | 9.4 | 59.1 | 7.1 | 6.8 |
| | June ...... | 992 | 205 | 62 | 603 | 61 | 61 | 20.7 | 6.3 | 60.8 | 6.1 | 6.1 |
| | July ...... | 870 | 157 | 79 | 513 | 64 | 57 | 18.0 | 9.1 | 59.0 | 7.4 | 6.5 |
| | August .... | 872 | 180 | 78 | 510 | 53 | 51 | 20.6 | 8.9 | 58.5 | 6.1 | 5.9 |
| | September . | 771 | 142 | 63 | 464 | 67 | 35 | 18.4 | 8.2 | 60.2 | 8.7 | 4.5 |
| | October .... | 1,039 | 175 | 82 | 654 | 67 | 61 | 16.9 | 7.9 | 62.9 | 6.4 | 5.9 |
| | November .. | 882 | 149 | 73 | 539 | 69 | 52 | 16.9 | 8.3 | 61.1 | 7.8 | 5.9 |
| | December .. | 933 | 161 | 89 | 571 | 58 | 54 | 17.3 | 9.5 | 61.2 | 6.2 | 5.8 |
| | Total ...... | 11,724 | 2,088 | 982 | 7,127 | 819 | 708 | 17.8 | 8.4 | 60.8 | 7.0 | 6.0 |
| 1935 | January ... | 1,146 | 195 | 98 | 734 | 62 | 57 | 17.0 | 8.6 | 64.0 | 5.4 | 5.0 |
| | February .. | 956 | 168 | 83 | 581 | 59 | 65 | 17.6 | 8.7 | 60.8 | 6.2 | 6.7 |
| | March ..... | 940 | 170 | 75 | 587 | 45 | 63 | 18.1 | 8.0 | 62.4 | 4.8 | 6.7 |
| | April ...... | 1,083 | 180 | 93 | 680 | 68 | 62 | 16.6 | 8.6 | 62.8 | 6.3 | 5.7 |
| | May ....... | 1,004 | 172 | 79 | 630 | 56 | 67 | 17.1 | 7.9 | 62.7 | 5.6 | 6.7 |
| | June ...... | 944 | 166 | 88 | 589 | 54 | 47 | 17.6 | 9.3 | 62.4 | 5.7 | 5.0 |
| | July ...... | 902 | 172 | 81 | 551 | 55 | 43 | 19.1 | 9.0 | 61.0 | 6.1 | 4.8 |
| | August .... | 884 | 132 | 94 | 557 | 53 | 48 | 15.0 | 10.6 | 63.0 | 6.0 | 5.4 |
| | September . | 787 | 143 | 71 | 489 | 38 | 46 | 18.2 | 9.0 | 62.2 | 4.8 | 5.8 |
| | October .... | 1,056 | 210 | 81 | 633 | 74 | 58 | 19.8 | 7.7 | 60.0 | 7.0 | 5.5 |
| | November .. | 898 | 169 | 65 | 559 | 58 | 47 | 18.8 | 7.2 | 62.3 | 6.5 | 5.2 |
| | December .. | 910 | 180 | 75 | 548 | 54 | 53 | 19.8 | 8.2 | 60.3 | 5.9 | 5.8 |
| | Total ...... | 11,510 | 2,057 | 983 | 7,138 | 676 | 656 | 17.9 | 8.5 | 62.0 | 5.9 | 5.7 |
| 1936 | January ... | 1,077 | 174 | 89 | 704 | 51 | 59 | 16.2 | 8.2 | 65.5 | 4.7 | 5.4 |
| | February .. | 856 | 137 | 98 | 544 | 36 | 41 | 16.0 | 11.4 | 63.6 | 4.2 | 4.8 |
| | March ..... | 946 | 158 | 88 | 602 | 51 | 47 | 16.7 | 9.3 | 63.6 | 5.4 | 5.0 |
| | April ...... | 830 | 161 | 93 | 506 | 32 | 38 | 19.4 | 11.2 | 61.1 | 3.7 | 4.6 |
| | May ....... | 832 | 146 | 72 | 533 | 46 | 35 | 17.5 | 8.7 | 64.1 | 5.5 | 4.2 |
| | June ....... | 773 | 143 | 72 | 479 | 36 | 43 | 18.5 | 9.3 | 62.0 | 4.6 | 5.6 |
| | July ....... | 639 | 131 | 67 | 365 | 42 | 34 | 20.5 | 10.5 | 57.1 | 6.6 | 5.3 |

its number by one, while retail trade, construction, and commercial service report the same number of large failures this month as in the previous month.

Of the ten largest failures, reports concerning their age are available for the incorporated enterprises. Three were established in 1906, 1910, and 1912, respectively, and four were formed in 1919, 1928, 1933 and 1934, respectively. The individual enterprises have an in-and-out history which makes any age figure impossible.

The following tabulation gives the large failures for this month by specific industry classification:

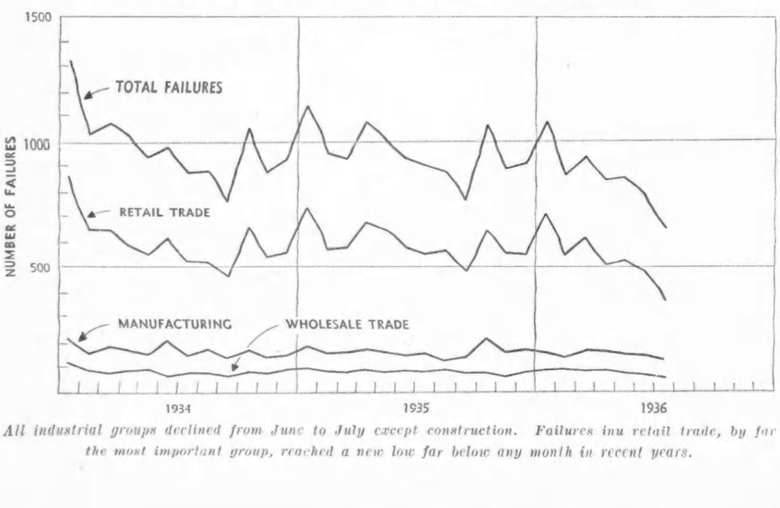
| | | |
|---|---|---|
| Manufacturing .................. | | 2 |
| Iron and steel products...... | 1 | |
| Textiles (cotton).......... | 1 | |
| Wholesale trade................ | | 3 |
| Building materials.......... | 1 | |
| Food products.............. | 1 | |
| Plumbing supplies........... | 1 | |
| Retail trade.................... | | 1 |
| Men's clothing.............. | 1 | |
| Construction .................... | | 3 |
| Commercial service............. | | 1 |
| Transportation ............. | 1 | |
| Total .......................... | | 10 |

Seven of these ten concerns were incorporated and three were individual proprietorships, two of which were in the construction group and one in the wholesale trade group.

Of the three oldest companies, one began business by purchasing the assets of a former company, one purchased its plant at a receiver's sale, and the third concern succeeded an individual proprietorship which was established in 1878. These three firms were managed by men experienced in their respective lines of business. They were successful during earlier years, but more recently due to adverse business conditions and the burden of heavy indebtedness brought about by mortgages, were unable to continue their operations.

One of the four younger companies, established in 1919, failed with liabilities close to a million dollars. This was a transportation company which was formed to take over operation of a city street car system. In 1935, the company received permission to operate busses instead of street cars. Partly be-

MONTHLY FAILURES BY INDUSTRIAL GROUPS




*All industrial groups declined from June to July except construction. Failures inu retail trade, by far the most important group, reached a new low far below any month in recent years.*

## Failures by Divisions of Industry—July, 1934-1936

*(Liabilities in thousands of dollars)*

| | Number | | | Liabilities | | |
|---|---|---|---|---|---|---|
| MANUFACTURING | 1936 | 1935 | 1934 | 1936 | 1935 | 1934 |
| Foods | 37 | 40 | 43 | 329 | 1,347 | 671 |
| Textiles | 22 | 51 | 40 | 373 | 875 | 1,305 |
| Forest Products | 6 | 14 | 14 | 62 | 150 | 250 |
| Paper, Printing and Publishing | 7 | 9 | 11 | 112 | 379 | 856 |
| Chemicals and Drugs | 4 | 5 | 5 | 51 | 88 | 451 |
| Fuels | 6 | 3 | 2 | 84 | 525 | 208 |
| Leather and Leather Products | 8 | 8 | 7 | 128 | 327 | 130 |
| Stone, Clay, Glass and Products | 6 | 6 | 2 | 94 | 496 | 75 |
| Iron and Steel | 6 | 11 | 8 | 586 | 631 | 354 |
| Machinery | 5 | 8 | 5 | 129 | 79 | 119 |
| Transportation and Equipment | 2 | .. | 2 | 83 | ... | 203 |
| All Other | 22 | 17 | 18 | 316 | 340 | 476 |
| Total Manufacturing | 131 | 172 | 157 | 2 347 | 5,237 | 5,098 |
| *Per cent of month's total* | *20.5* | *19.0* | *18.0* | *23.7* | *31.7* | *30.7* |
| WHOLESALE TRADE | | | | | | |
| Farm Products, Foods, Groceries | 33 | 31 | 40 | 558 | 775 | 904 |
| Clothing and Furnishings | 6 | 7 | 2 | 82 | 228 | 69 |
| Dry Goods and Textiles | 1 | 7 | 1 | 42 | 352 | 15 |
| Lumber, Bldg. Materials and Hardware | 5 | 4 | 3 | 286 | 274 | 33 |
| Chemicals and Drugs | 2 | 6 | 4 | 21 | 69 | 56 |
| Fuels | 1 | 2 | 4 | 13 | 51 | 161 |
| Automotive Products | 3 | 4 | 1 | 39 | 60 | 9 |
| Supply Houses | 3 | 6 | 3 | 22 | 112 | 80 |
| All Other | 13 | 14 | 21 | 110 | 219 | 768 |
| Total Wholesale Trade | 67 | 81 | 79 | 1,173 | 2,140 | 2,095 |
| *Per cent of month's total* | *10.5* | *9.0* | *9.1* | *11.8* | *13.0* | *12.7* |
| RETAIL TRADE | | | | | | |
| Foods | 139 | 183 | 135 | 724 | 1,403 | 930 |
| Farm Supplies, General Stores | 16 | 31 | 24 | 163 | 259 | 298 |
| General Merchandise | 11 | 21 | 23 | 65 | 171 | 183 |
| Apparel | 66 | 80 | 69 | 593 | 982 | 684 |
| Furniture, Household Furnishings | 14 | 20 | 21 | 232 | 372 | 524 |
| Lumber Bldg. Materials, Hardware | 15 | 40 | 48 | 137 | 635 | 521 |
| Automotive Products | 24 | 36 | 41 | 318 | 1,234 | 1,083 |
| Resturants | 35 | 56 | 59 | 466 | 518 | 662 |
| Drugs | 26 | 44 | 53 | 196 | 343 | 751 |
| All Other | 28 | 40 | 40 | 303 | 410 | 466 |
| Total Retail Trade | 365 | 551 | 513 | 3,197 | 6,327 | 6,102 |
| *Per cent of month's total* | *57.1* | *61.1* | *59.0* | *32.3* | *38.3* | *36.9* |
| CONSTRUCTION | | | | | | |
| General Contractors | 5 | 12 | 10 | 92 | 426 | 463 |
| Carpenters and Builders | 10 | 20 | 24 | 1,492 | 638 | 738 |
| Building Sub-contractors | 26 | 20 | 26 | 243 | 173 | 321 |
| Other Contractors | 1 | 3 | 4 | 46 | 57 | 212 |
| Total Construction | 42 | 55 | 64 | 1,873 | 1,294 | 1,734 |
| *Per cent of month's total* | *6.6* | *6.1* | *7.4* | *18.9* | *7.8* | *10.5* |
| COMMERCIAL SERVICE | | | | | | |
| Cleaners and Dyers, Tailors | 7 | 13 | 9 | 80 | 170 | 163 |
| Haulage, Busses, Taxis, etc. | 10 | 8 | 12 | 1,076 | 154 | 158 |
| Hotels | 2 | 6 | 9 | 58 | 1 003 | 786 |
| Laundries | 1 | 4 | 1 | 4 | 84 | 12 |
| Undertakers | 4 | 2 | 5 | 32 | 8 | 46 |
| All Other | 10 | 10 | 21 | 64 | 106 | 361 |
| Total Commercial Service | 34 | 43 | 57 | 1,314 | 1,525 | 1,526 |
| *Per cent of month's total* | *5.3* | *4.8* | *6.5* | *13.3* | *9.2* | *9.2* |
| Total U. S. | 639 | 902 | 870 | 9,904 | 16,523 | 16,555 |
| *Per Cent* | *100.0* | *100.0* | *100.0* | *100.0* | *100.0* | *100.0* |

cause of this change in method of transportation, the company sustained heavy operating losses. Default on their bonds followed and other payments were not met. As a result, a petition was filed in the Federal Court and a receiver was appointed.

Another company in this group was a lumber and building materials concern founded in 1928. Its failure was due to a series of events which followed each other closely. In 1930 the company sustained a complete fire loss. Some of the creditors garnisheed the insurance covering the fire, but all the creditors were not taken care of. That same year the firm acquired the business of another lumber company and at the same time began a branch lumber yard. Four years later the former lumber yard was discontinued and headquarters were moved to the branch company and the corporate name was changed. Payments have been slow and unsatisfactory for some time.

The two concerns most recently founded failed because of not being able to establish themselves successfully. One was originally chartered to undertake another line of business but the charter was used to take over two men's clothing concerns. The financial condition of this company has been heavily involved from the date of its organization, and the company has been operating under a creditors' extension since 1935.

The company formed in 1934 was a contracting business. Previous ventures in the real estate field by the head of the company had not been successful, and the present difficulty is the direct result of speculative building.

### Failures by Divisions of Industry

Which branches of industry were responsible for the extraordinary decline this month? The decline in the June failures from May, was almost entirely in retail trade. This month, failures in retail trade have dropped even more sharply, but are accompanied by lesser decreases in manufacturing and wholesale trade, and a significant reduction in commercial service. The construction group, on the other hand, shows its usual erratic trend by registering an increase.

As a result of the drastic reductions of the last two months, failures in retail trade are 365 in July, although in recent years, only three months have been less than 500, and the lowest of them was 464. Also manufacturing and commercial service both established new lows, though in each case, the previous low is undercut by only one failure.

The monthly table shows how these changes have affected the percentage distribution of the total. Retail trade has the smallest proportion in years, 57.1 per cent of the total, although it had established new high points during the first six months of the year. Like-

## Failures by Industrial Groups and Size of Liabilities—July, 1934-1936

*(Liabilities in thousands of dollars)*

| | 1936 | | | | 1935 | | | | 1934 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number | Per Cent | Liabilities | Per Cent | Number | Per Cent | Liabilities | Per Cent | Number | Per Cent | Liabilities | Per Cent |
| **Manufacturing** | 131 | 100.0 | 2,347 | 100.0 | 172 | 100.0 | 5,237 | 100.0 | 157 | 100.0 | 5,098 | 100.0 |
| Under $5,000 | 41 | 31.3 | 105 | 4.5 | 47 | 27.3 | 125 | 2.4 | 31 | 19.7 | 79 | 1.5 |
| $5,000—$25,000 | 69 | 52.7 | 771 | 32.8 | 81 | 47.1 | 963 | 18.4 | 87 | 55.4 | 1,003 | 19.7 |
| $25,000—$100,000 | 19 | 14.5 | 985 | 42.0 | 28 | 16.3 | 1,304 | 24.8 | 24 | 15.3 | 1,061 | 20.8 |
| $100,000 and over | 2 | 1.5 | 486 | 20.7 | 16 | 9.3 | 2,845 | 54.4 | 15 | 9.6 | 2,955 | 58.0 |
| **Wholesale Trade** | 67 | 100.0 | 1,173 | 100.0 | 81 | 100.0 | 2,140 | 100.0 | 79 | 100.0 | 2,095 | 100.0 |
| Under $5,000 | 18 | 26.9 | 49 | 4.2 | 16 | 19.8 | 45 | 2.1 | 14 | 17.7 | 36 | 1.7 |
| $5,000—$25,000 | 42 | 62.7 | 494 | 42.1 | 44 | 54.3 | 489 | 22.8 | 42 | 53.2 | 493 | 23.5 |
| $25,000—$100,000 | 4 | 6.0 | 150 | 12.8 | 16 | 19.8 | 655 | 30.6 | 18 | 22.8 | 974 | 46.5 |
| $100,000 and over | 3 | 4.4 | 480 | 40.9 | 5 | 6.1 | 951 | 44.5 | 5 | 6.3 | 592 | 28.3 |
| **Retail Trade** | 365 | 100.0 | 3,197 | 100.0 | 551 | 100.0 | 6,327 | 100.0 | 513 | 100.0 | 6,102 | 100.0 |
| Under $5,000 | 186 | 50.9 | 451 | 14.2 | 285 | 51.7 | 754 | 11.9 | 218 | 42.5 | 558 | 9.1 |
| $5,000—$25,000 | 151 | 41.4 | 1,455 | 45.5 | 225 | 40.8 | 2,297 | 36.3 | 254 | 49.5 | 2,537 | 41.6 |
| $25,000—$100,000 | 27 | 7.4 | 1,159 | 36.2 | 33 | 6.0 | 1,616 | 25.5 | 32 | 6.2 | 1,426 | 23.3 |
| $100,000 and over | 1 | .3 | 132 | 4.1 | 8 | 1.5 | 1,660 | 26.3 | 9 | 1.8 | 1,581 | 26.0 |
| **Construction** | 42 | 100.0 | 1,873 | 100.0 | 55 | 100.0 | 1,294 | 100.0 | 64 | 100.0 | 1,734 | 100.0 |
| Under $5,000 | 16 | 38.2 | 31 | 1.7 | 19 | 34.6 | 44 | 3.4 | 17 | 26.6 | 47 | 2.7 |
| $5,000—$25,000 | 19 | 45.2 | 229 | 12.2 | 24 | 43.6 | 322 | 24.9 | 28 | 43.8 | 325 | 18.7 |
| $25,000—$100,000 | 4 | 9.5 | 266 | 14.2 | 8 | 14.5 | 373 | 28.8 | 14 | 21.9 | 742 | 42.8 |
| $100,000 and over | 3 | 7.1 | 1,347 | 71.9 | 4 | 7.3 | 555 | 42.9 | 5 | 7.7 | 620 | 35.8 |
| **Commercial Service** | 34 | 100.0 | 1,314 | 100.0 | 43 | 100.0 | 1,525 | 100.0 | 57 | 100.0 | 1,526 | 100.0 |
| Under $5,000 | 12 | 35.3 | 30 | 2.3 | 20 | 46.5 | 45 | 3.0 | 16 | 28.1 | 37 | 2.4 |
| $5,000—$25,000 | 18 | 52.9 | 158 | 12.0 | 14 | 32.5 | 159 | 10.4 | 29 | 50.9 | 338 | 22.1 |
| $25,000—$100,000 | 3 | 8.8 | 126 | 9.6 | 7 | 16.3 | 381 | 25.0 | 9 | 15.8 | 407 | 26.7 |
| $100,000 and over | 1 | 3.0 | 1,000 | 76.1 | 2 | 4.7 | 940 | 61.6 | 3 | 5.2 | 744 | 48.8 |
| **Total** | 639 | 100.0 | 9,904 | 100.0 | 902 | 100.0 | 16,523 | 100.0 | 870 | 100.0 | 16,555 | 100.0 |
| Under $5,000 | 273 | 42.7 | 666 | 6.7 | 387 | 42.9 | 1,013 | 6.1 | 296 | 34.0 | 757 | 4.6 |
| $5,000—$25,000 | 299 | 46.8 | 3,107 | 31.4 | 388 | 43.0 | 4,230 | 25.6 | 440 | 50.6 | 4,696 | 28.4 |
| $25,000—$100,000 | 57 | 8.9 | 2,686 | 27.1 | 92 | 10.2 | 4,329 | 26.2 | 97 | 11.1 | 4,610 | 27.8 |
| $100,000 and over | 10 | 1.6 | 3,445 | 34.8 | 35 | 3.9 | 6,951 | 42.1 | 37 | 4.3 | 6,492 | 39.2 |

wise, manufacturing has suddenly reversed its trend and is above 20 per cent of the total for the first time in about two years. Wholesale trade is also well above the relative levels established in recent years.

With the decrease since July, 1935, amounting to about 30 per cent, it is to be expected that most groups in the detailed breakdown would show greatly reduced totals.

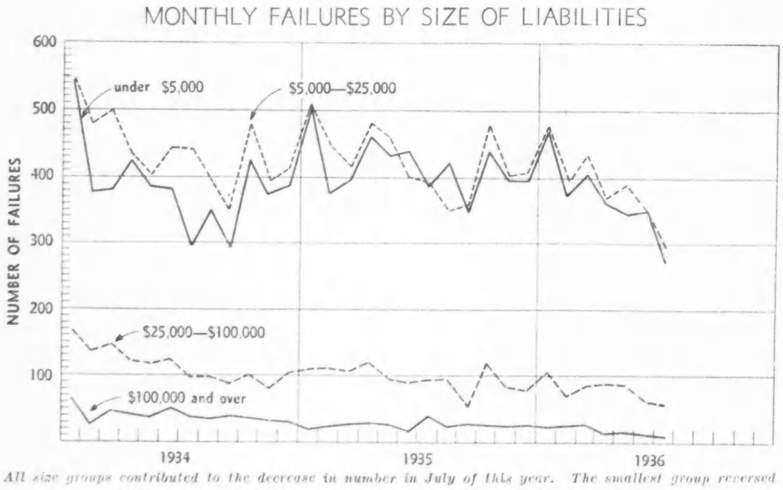
Among the various manufacturing industries, there is no uniform tendency. The textiles, forest products, iron and steel, and machinery products groups are responsible for virtually all of the decrease. Fuels actually have increased as have the miscellaneous group. Manufacturing of food products displaces textiles as the group with the largest number of failures.

Among the wholesaling group, the trends follow manufacturing as far as the reduction in the textile group and the lack of change in the food group are concerned. The increase in failures in the lumber and building materials group should be noted, especially since it is accompanied by an increase in liabilities.

In retailing the decline is evident in each group, every one being not only below the 1935 figure but the 1934 figure as well. Likewise, all liabilities figures are less. Trades where the reduction is particularly marked are dry goods stores, hardware and paint stores, and drug stores.

In the two lesser groups, the decrease is smaller in amount, building sub-contractors, haulage, busses and taxis, and undertakers moving contrary to the general trend.

Liabilities are reduced by 40 per cent from the previous July. In both manufacturing and retail trade, the reduction is more than 50 per cent. On the other hand, large failures in the construction industry increased the liabilities in the carpenters and builders groups so much that the total for the entire group is increased.




*All size groups contributed to the decrease in number in July of this year. The smallest group reversed its trend of last month, when it increased contrary to the general trend.*

### Failures by Size

In attempting to analyze the failure record by size, it is necessary to use the estimated amount of lia-

### Failures by Federal Reserve Districts and States—July, 1934-1936

*(Liabilities in thousands of dollars)*

| Districts | Number 1936 | Number 1935 | Number 1934 | Liabilities 1936 | Liabilities 1935 | Liabilities 1934 |
|---|---|---|---|---|---|---|
| Boston .......(1)..... | 71 | 87 | 64 | 750 | 770 | 826 |
| New York......(2)..... | 202 | 316 | 305 | 4,228 | 6,140 | 6,189 |
| Philadelphia ..(3)..... | 38 | 44 | 46 | 472 | 979 | 973 |
| Cleveland .....(4)..... | 53 | 69 | 56 | 580 | 1,656 | 1,719 |
| Richmond .....(5)..... | 40 | 30 | 60 | 703 | 602 | 1,471 |
| Atlanta .......(6)..... | 24 | 41 | 31 | 237 | 761 | 342 |
| Chicago ......(7)..... | 72 | 88 | 75 | 824 | 2,817 | 1,639 |
| St. Louis......(8)..... | 24 | 29 | 18 | 205 | 304 | 149 |
| Minneapolis ...(9)..... | 21 | 21 | 18 | 126 | 133 | 238 |
| Kansas City...(10)..... | 25 | 35 | 37 | 185 | 528 | 481 |
| Dallas .......(11)..... | 12 | 19 | 22 | 63 | 197 | 361 |
| San Francisco.(12)..... | 57 | 123 | 138 | 1,531 | 1,636 | 2,167 |
| New England............. | 73 | 93 | 71 | 780 | 983 | 1,067 |
| Maine ................ | 11 | 7 | 7 | 90 | 52 | 65 |
| New Hampshire........ | 3 | 4 | 3 | 24 | 14 | 156 |
| Vermont .............. | 1 | .. | 1 | 3 | .. | 10 |
| Massachusetts ......... | 29 | 46 | 40 | 553 | 526 | 527 |
| Connecticut ........... | 12 | 24 | 14 | 80 | 333 | 277 |
| Rhode Island........... | 7 | 12 | 6 | 30 | 58 | 32 |
| Middle Atlantic............ | 248 | 374 | 352 | 4,747 | 7,331 | 7,328 |
| New York............. | 149 | 250 | 258 | 2,050 | 4,900 | 5,051 |
| New Jersey............ | 53 | 62 | 45 | 2,160 | 1,112 | 1,229 |
| Pennsylvania .......... | 46 | 62 | 49 | 534 | 1,319 | 1,048 |
| East North Central......... | 115 | 129 | 126 | 1,381 | 3,798 | 2,942 |
| Ohio ................. | 38 | 40 | 41 | 466 | 964 | 1,187 |
| Indiana .............. | 3 | 7 | 10 | 67 | 102 | 108 |
| Illinois ............... | 42 | 45 | 46 | 467 | 1,202 | 1,102 |
| Michigan ............. | 15 | 22 | 11 | 119 | 1,368 | 311 |
| Wisconsin ............. | 17 | 15 | 18 | 262 | 162 | 234 |
| West North Central........ | 33 | 39 | 38 | 220 | 633 | 517 |
| Minnesota ............ | 13 | 11 | 12 | 62 | 43 | 167 |
| Iowa ................. | 4 | 4 | 4 | 13 | 33 | 17 |
| Missouri .............. | 7 | 9 | 8 | 48 | 465 | 50 |
| North Dakota.......... | 1 | .. | .. | 8 | .. | .. |
| South Dakota.......... | 2 | 4 | 1 | 8 | 37 | .. |
| Nebraska ............ | 1 | 7 | 7 | 17 | 23 | 32 |
| Kansas .............. | 5 | 4 | 6 | 64 | 32 | 251 |
| South Atlantic............. | 48 | 53 | 84 | 787 | 1,143 | 1,827 |
| Maryland ............ | 7 | 11 | 22 | 107 | 386 | 429 |
| Delaware ............ | 1 | .. | .. | 1 | .. | .. |
| District of Columbia.... | 5 | 3 | 5 | 164 | 34 | 43 |
| Virginia .............. | 10 | 5 | 15 | 54 | 138 | 152 |
| West Virginia.......... | 6 | 8 | 8 | 171 | 13 | 142 |
| North Carolina......... | 10 | 6 | 12 | 149 | 134 | 574 |
| South Carolina......... | 3 | .. | 2 | 67 | .. | 230 |
| Georgia .............. | 3 | 11 | 10 | 68 | 75 | 105 |
| Florida .............. | 3 | 9 | 10 | 7 | 363 | 152 |
| East South Central......... | 27 | 38 | 17 | 233 | 387 | 165 |
| Kentucky ............. | 6 | 12 | 3 | 35 | 199 | 23 |
| Tennessee ............ | 8 | 11 | 8 | 64 | 56 | 78 |
| Alabama ............. | 3 | 10 | 4 | 73 | 114 | 57 |
| Mississippi ........... | 10 | 5 | 2 | 61 | 18 | 7 |
| West South Central......... | 27 | 38 | 32 | 152 | 500 | 425 |
| Arkansas ............. | 5 | 10 | 1 | 33 | 96 | 5 |
| Oklahoma ............ | 8 | 9 | 9 | 45 | 65 | 59 |
| Louisiana ............ | 3 | 4 | 3 | 28 | 170 | 29 |
| Texas ............... | 11 | 15 | 19 | 46 | 169 | 332 |
| Mountain ................ | 18 | 19 | 18 | 1,087 | 121 | 159 |
| Montana ............. | 1 | 1 | 1 | 3 | 4 | 2 |
| Idaho ............... | 2 | 4 | 3 | 8 | 10 | 29 |
| Wyoming ............ | 1 | 1 | 3 | 20 | 16 | 19 |
| Colorado ............. | 8 | 11 | 8 | 40 | 71 | 96 |
| New Mexico........... | 1 | 2 | .. | 9 | 20 | .. |
| Arizona .............. | .. | .. | .. | .. | .. | .. |
| Utah ................ | 4 | .. | 3 | 1,005 | .. | 13 |
| Nevada .............. | 1 | .. | .. | 2 | .. | .. |
| Pacific .................. | 50 | 119 | 132 | 516 | 1,627 | 2,125 |
| Washington ........... | 13 | 15 | 24 | 95 | 87 | 549 |
| Oregon .............. | 8 | 19 | 13 | 103 | 295 | 96 |
| California ............ | 29 | 85 | 95 | 318 | 1,245 | 1,480 |
| Total U. S................. | 639 | 902 | 870 | 9,904 | 16,523 | 16,555 |

bilities as a basis, although of course, the amount of debts is not necessarily in direct proportion to sales or capital invested. At least, one can make the rough assumption that a small enterprise will be unable to run up large liabilities, while a large enterprise will not be brought into the courts unless it has done so.

From May to June, the decline in the total had been registered entirely in the three larger groups, with the less than $5,000 group actually increasing in number. This month, every size group contributes to the decline.

Perhaps the most significant long-term trend evident is the decline in the two size groups of larger failures. Of course, prior to June, 1934, there was no division of cases into the 77-B procedure, and these would fall chiefly into these groups. Nevertheless, since the trend in 77-B cases is also downward, their inclusion would not greatly alter the picture.

The decrease in large failures is easily seen from the record. For 1934, failures with liabilities over $25,000 were 15.7 per cent of the total. For 1935, their share had dropped to 12.4 per cent. For the first half of this year, it was 11.3 per cent. The July figure is 10.5 per cent. This reduction in the larger failures is responsible for the fact that total liabilities have declined more than the number of failures. This tenth of the failures accounts this month for over 60 per cent of all liabilities.

In comparing the figures for July for the last three years, one should keep in mind that in each year, the smallest group seems to record unusually few failures in this particular month. On the other hand, July last year recorded the year's peak (35 cases) for failures with liabilities exceeding $100,000. Instead of 24 large cases in manufacturing and retailing, the current July reports include only three.

#### Geographical Distribution

The failures record lends itself to further analysis by geographical areas. To what extent is the ex-

## Failures in Specified Cities—July, 1934-1936

*(Liabilities in thousands of dollars)*

| City | Fed. Res. Dist. | Population (1930 Census) | Number 1936 | Number 1935 | Number 1934 | Liabilities 1936 | Liabilities 1935 | Liabilities 1934 |
|---|---|---|---|---|---|---|---|---|
| Baltimore | 5 | 804,874 | 3 | 11 | 15 | 8 | 386 | 215 |
| Boston | 1 | 781,188 | 15 | 22 | 11 | 387 | 347 | 209 |
| Buffalo | 2 | 573,076 | 5 | 5 | 4 | 47 | 18 | 203 |
| Chicago | 7 | 3,376,438 | 26 | 30 | 20 | 318 | 672 | 292 |
| Cincinnati | 4 | 451,160 | 2 | 1 | 7 | 6 | 23 | 168 |
| Cleveland | 4 | 900,429 | 10 | 5 | 9 | 79 | 279 | 57 |
| Detroit | 7 | 1,568,662 | 8 | 9 | 5 | 63 | 323 | 140 |
| Indianapolis | 7 | 364,161 | 2 | 3 | 1 | 67 | 76 | 20 |
| Jersey City | 2 | 316,716 | 2 | 3 | 3 | 17 | 261 | 233 |
| Kansas City, Mo. | 10 | 399,746 | 1 | .. | 3 | 2 | ... | 19 |
| Los Angeles | 12 | 1,238,048 | 8 | 26 | 34 | 181 | 583 | 605 |
| Louisville | 8 | 307,745 | 1 | 3 | .. | 2 | 11 | ... |
| Milwaukee | 7 | 578,248 | 7 | 7 | 10 | 149 | 63 | 194 |
| Minneapolis | 9 | 464,356 | 6 | 4 | 6 | 29 | 20 | 114 |
| Newark | 2 | 442,337 | 18 | 16 | 18 | 220 | 207 | 190 |
| New Orleans | 6 | 458,762 | .. | 1 | .. | ... | 155 | ... |
| New York City | 2 | 6,930,446 | 116 | 194 | 202 | 1,802 | 4,031 | 3,148 |
| Philadelphia | 3 | 1,950,961 | 18 | 17 | 22 | 116 | 331 | 307 |
| Pittsburgh | 4 | 669,817 | 3 | 3 | 2 | 13 | 206 | 10 |
| Portland, Ore. | 12 | 301,815 | 3 | 9 | 8 | 14 | 71 | 54 |
| Rochester | 2 | 328,132 | 2 | 4 | 3 | 9 | 20 | 8 |
| St. Louis | 8 | 821,960 | 4 | 6 | 3 | 26 | 145 | 18 |
| San Francisco | 12 | 634,394 | 6 | 10 | 11 | 22 | 55 | 74 |
| Seattle | 12 | 365,583 | 5 | 8 | 13 | 35 | 42 | 441 |
| Washington, D. C. | 5 | 486,869 | 5 | 3 | 5 | 163 | 34 | 43 |
| Total, 25 Cities | .. | ........ | 276 | 400 | 415 | 3,775 | 8,359 | 6,762 |
| Balance of country | .. | ........ | 363 | 502 | 455 | 6,129 | 8,164 | 9,793 |
| Total U. S. | .. | ........ | 639 | 902 | 870 | 9,904 | 16,523 | 16,555 |

traordinary decline in July reflected throughout the entire country, or is it concentrated in certain areas? For this purpose, the detailed tables permit comparison among the July figures for the last three years.

The trend in the various districts is shown clearly in the following table:

| Federal Reserve District | Monthly Average 1934 | Monthly Average 1935 | July, 1936 |
|---|---|---|---|
| Total U. S. | 977 | 959 | 639 |
| Boston | 101 | 100 | 71 |
| New York | 291 | 312 | 202 |
| Philadelphia | 45 | 54 | 38 |
| Cleveland | 74 | 74 | 53 |
| Richmond | 53 | 40 | 40 |
| Atlanta | 34 | 36 | 24 |
| Chicago | 123 | 104 | 72 |
| St. Louis | 29 | 35 | 24 |
| Minneapolis | 26 | 21 | 21 |
| Kansas City | 42 | 35 | 25 |
| Dallas | 22 | 23 | 12 |
| San Francisco | 138 | 126 | 57 |

At once, it is apparent that the improvement recorded in July is not of equal intensity in the various regions. At one extreme are Richmond and Minneapolis, where the July figures show no reduction from the averages for last year (or from June for that matter) and at the other extreme is the San Francisco District, with failures numbering less than half that of the level recorded in 1935. In Dallas, a similar drastic reduction is evident. The San Francisco reduction is not foreshadowed in the earlier months of the year, but Dallas has recorded a consistent decline. The other eight districts all approximate the national trend, with a reduction in the neighborhood of one-third from last year's level.

The failures record broken down by cities shows business improvement not to be clearly urban or rural in character. The division of failures into those in the twenty-five largest cities and the balance of the country, is identical in percentage with the average for 1935.

When compared with July, 1935, it is worthy of note that the various cities show little uniformity in their trends. As might have been expected from the regional discussion, the four cities on the west coast, Los Angeles, Portland, San Francisco and Seattle, report a reduction from 53 to 22 cases, or a reduction of 31 cases. New York City figures are 194 and 116, or a decline of 78, continuing the decline in its cases which has continued for several months. In the remaining twenty cities cases have fallen from 153 to 138, or 15 cases. In fact, six of these cities recorded small increases, the largest being Cleveland with an increase from 5 to 10 cases.

It is not surprising that the business failure index should record such a notable decline at a time when other indexes are all showing steady and striking business improvement. The recovery period has not been long enough nor has it developed sufficient optimism to lead to widespread expansion and speculation, with their inevitable crop of business fatalities. The depression weeded out many of the less promising enterprises and only within recent months have any considerable number of new ventures come into evidence.

## Failures by Federal Reserve Districts by Divisions of Industry—July, 1936

*(Liabilities in thousands of dollars)*

| District | Manufacturing No. | Manufacturing Liab. | Wholesale Trade No. | Wholesale Trade Liab. | Retail Trade No. | Retail Trade Liab. | Construction No. | Construction Liab. | Commercial Service No. | Commercial Service Liab. | Total No. | Total Liab. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Boston (1) | 10 | 154 | 9 | 209 | 39 | 317 | 7 | 28 | 6 | 42 | 71 | 750 |
| New York (2) | 60 | 1,125 | 19 | 440 | 97 | 989 | 15 | 1,544 | 11 | 130 | 202 | 4,228 |
| Philadelphia (3) | 6 | 115 | 6 | 60 | 21 | 259 | 4 | 37 | 1 | 1 | 38 | 472 |
| Cleveland (4) | 12 | 237 | 5 | 103 | 31 | 197 | 3 | 36 | 2 | 7 | 53 | 580 |
| Richmond (5) | 8 | 217 | 4 | 43 | 23 | 270 | 4 | 169 | 1 | 4 | 40 | 703 |
| Atlanta (6) | 6 | 122 | .. | ... | 17 | 100 | .. | ... | 1 | 15 | 24 | 237 |
| Chicago (7) | 12 | 214 | 10 | 218 | 40 | 279 | 5 | 40 | 5 | 73 | 72 | 824 |
| St. Louis (8) | 3 | 23 | 2 | 18 | 19 | 164 | .. | ... | .. | .. | 24 | 205 |
| Minneapolis (9) | 2 | 3 | 2 | 11 | 17 | 112 | .. | ... | .. | .. | 21 | 126 |
| Kansas City (10) | 1 | 2 | 4 | 33 | 19 | 147 | 1 | 3 | .. | .. | 25 | 185 |
| Dallas (11) | 2 | 7 | .. | ... | 10 | 56 | .. | ... | .. | .. | 12 | 63 |
| San Francisco (12) | 9 | 128 | 6 | 38 | 32 | 307 | 3 | 16 | 7 | 1,042 | 57 | 1,531 |
| Total U. S. | 131 | 2,347 | 67 | 1,173 | 365 | 3,197 | 42 | 1,873 | 34 | 1,314 | 639 | 9,904 |

# NEW LOW RECORD ESTABLISHED BY 77-B CASES

APPLICATIONS for corporate reorganization under Section 77-B totalled only 41 for the month of July. This is the smallest number of applications on record since the inception of the amendment twenty-six months ago.

### Comparison of 77-B Applications and Commercial Failures

| 1934 | 77-B Applications | Commercial Failures |
|---|---|---|
| June | 103 | 992 |
| July | 93 | 870 |
| August * | 102 | 872 |
| September | 61 | 771 |
| October | 72 | 1,039 |
| November * | 100 | 882 |
| December | 93 | 933 |
| Total 7 Months, 1934. | 624 | 6,359 |
| 1935 | | |
| January * | 104 | 1,146 |
| February | 74 | 956 |
| March | 84 | 940 |
| April | 112 | 1,083 |
| May * | 133 | 1,004 |
| June | 65 | 944 |
| July | 79 | 902 |
| August * | 94 | 884 |
| September | 51 | 787 |
| October * | 94 | 1,056 |
| November | 44 | 898 |
| December | 77 | 910 |
| Total, 1935 | 1,011 | 11,510 |
| 1936 | | |
| January * | 84 | 1,077 |
| February | 70 | 856 |
| March | 50 | 946 |
| April * | 50 | 830 |
| May | 46 | 832 |
| June | 59 | 773 |
| July * | 41 | 639 |
| Total 7 Months, 1936. | 400 | 5,953 |
| Total U. S. | 2,035 | 23,822 |

* A five-week month.

The low level reached this last month was in spite of the fact that July was a five-week month. Much of the erratic appearance of the monthly record is due to the fact that some months include four weeks and others five. If the figures are put on a weekly basis, the previous low was April, with an average of 10 cases per week. However, the July weekly average is only 8.2 cases. It is important to keep in mind that these cases include most of the instances where large enterprises find legal aid necessary in straightening out their financial difficulties.

An outstanding feature of the June record was the number of unmatured enterprises seeking reorganization. This month, the reverse is true. The majority of cases are well established businesses under experienced management. The date of incorporation in their present form and of the original entrance into business follow:

| Date | Incorporations in Present Form | Enterprises Established |
|---|---|---|
| 1930-1935 | 19 | 5 |
| 1925-1929 | 7 | 9 |
| 1920-1924 | 7 | 8 |
| 1910-1919 | 5 | 4 |
| 1900-1909 | .. | 3 |
| Before 1900 | 2 | 4 |
| Unknown | 1 | 8 |

While nearly half adopted their present corporate form since 1930, all but five have a longer business history. The five new companies include two breweries, a laundry, a hotel and a ready-to-wear shop. Of the fourteen additional companies incorporated in 1930-1935 with a previous business history, seven were formed to take over companies in financial difficulties; five succeeded partnerships or individual managements; one succeeded a co-operative enterprise, and one's former condition was unknown.

At least five cases are not likely to have any extended action in the courts. In fact, one was dismissed later in the month on motion of the debtor and the business disposed of. One business has not yet started. Two have been inactive, one since 1933 and the other since a recent fire which completely destroyed the plant. The petition in the fifth case was filed by certain stockholders after court approval of sale of assets by the receiver in charge, and was immediately followed by objections of other stockholders.

The distribution of cases among the various divisions of industry was not unusual, except for the small number in the "others" group. This group usually follows manufacturing in importance. The majority of cases under this heading are usually real estate companies, and it was in this subdivision that the main decrease occurred.

### 77-B Applications by Main Divisions of Industry—July, 1935-1936

| | July, 1936 | June, 1936 | July, 1935 |
|---|---|---|---|
| Manufacturing | 16 | 17 | 29 |
| Wholesale Trade | 5 | 7 | 13 |
| Retail Trade | 8 | 12 | 16 |
| Construction | .. | 1 | .. |
| Commercial Service | 8 | 7 | 8 |
| Others * | 4 | 15 | 13 |
| Total U. S. | 41 | 59 | 79 |

(*) Not included in tabulation of commercial failures, such as real estate and investment companies.

Two cases were extensive chains operating mainly in New York City, one with over thirty outlets and the other with more than fifty.

The main cause leading to attempted reorganization is reported as usual to be inadequate working capital. In many cases 1936 business was reported to have been better than for several years, but not to have offset the difficulties carried over from the past. This is illustrated by a $3,000,000 firm with foreign subsidiaries and a large number of sales branches, with satisfactory 1936 sales and an excellent payment record. In spite of current success it has not been able to bring about any substantial improvement in its underlying financial condition, under strain since 1929. Several of the newly formed companies were handicapped by assumed obligations of the previous companies.

Four companies have been operating under creditors' extensions lasting from three years to six months, the termination dates of which coincided with the 77-B petition. Three companies were operating on monthly loans from either banks, large creditors, or investment firms.

The record of 77-B cases appears to parallel business failures rather closely. In both instances, the July figure established a low point well below any recent months.

# CANADIAN FAILURES ESTABLISH NEW LOW

FAILURES in Canada for July are 81 in number. This is the lowest monthly figure reported for many years. The June figure of 94 was low, but July records a further decline of 13.8 per cent. Compared with July, 1935, the decrease is 34.7 per cent.

Although total liabilities reported are somewhat above the extraordinarily small June figure, they still fall below all other months in recent years. The reported total of $722,000 is less than half the figure for July, 1935, which was $1,602,000. It must be noted, however, that the July liabilities figure was the largest for any month during 1935.

The decline in Canadian failures for July parallels the United States record, where a new low level was likewise reached. For the first seven months of this year, the failures in the United States have fallen 14.7 per cent below the 1935 level for the same period. For Canada, the seven months' total shows a decline of 8.6 per cent. This is largely due to the unusual July figure, the half-year comparison showing a decline of only 4.2 per cent.

The Canadian failures record does not follow the same seasonal pattern as the United States. To be sure, the first quarter is usually the peak for the year, and the third quarter the lowest. However, within each quarter, there is frequently a three months' decline, the first month of the quarter being a peak point. If this be the usual pattern, then the low figure for July is particularly significant, since one would have expected an advance over June rather than a 14 per cent reduction. With the usual pattern thus disregarded, it is difficult to forecast the probability of the usual decline appearing in the coming months of August and September.

### Geographical Distribution

On the following page, are given quarterly figures for Canadian failures by provinces and important cities, since 1934. As might be expected from such a detailed tabulation, the records of individual items are rather erratic. Last month, the quarterly record was presented by divisions of industry indicating that about two-thirds of the recorded failures are in retail trade, and another twenty per cent among manufacturing enterprises.

### Canadian Failures by Months

| | Number 1936 | 1935 | 1934 |
|---|---|---|---|
| January | 120 | 149 | 176 |
| February | 138 | 135 | 137 |
| March | 118 | 112 | 141 |
| April | 134 | 111 | 164 |
| May | 101 | 121 | 139 |
| June | 94 | 108 | 99 |
| July | 81 | 124 | 112 |
| August | ... | 93 | 109 |
| September | ... | 94 | 89 |
| October | ... | 106 | 151 |
| November | ... | 105 | 143 |
| December | ... | 109 | 140 |
| Total Canada | ... | 1,367 | 1,600 |

### Liabilities

*(Thousands of dollars)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| January | 1,245 | 1,094 | 1,835 |
| February | 2,307 | 982 | 1,286 |
| March | 936 | 981 | 1,388 |
| April | 893 | 1,069 | 2,249 |
| May | 753 | 1,439 | 2,488 |
| June | 557 | 1,419 | 1,051 |
| July | 722 | 1,602 | 1,734 |
| August | ... | 751 | 931 |
| September | ... | 884 | 976 |
| October | ... | 927 | 2,006 |
| November | ... | 1,074 | 1,349 |
| December | .. | 872 | 1,749 |
| Total Canada | ... | 13,094 | 19,042 |

That the bulk of the failures are in the Provinces of Quebec and Ontario is not surprising, inasmuch as these two provinces include more than sixty per cent of the total population of the Dominion. For the first six months of 1936, they included 76.7 per cent of the failures when measured in number and 81.3 per cent of the total liabilities. Manitoba and Alberta rank next in importance.

The outstanding feature of the record for individual cities, is the fact that close to one-half of the total failures for Canada are reported from two cities, Montreal and Toronto. When liabilities alone are examined, Montreal stands out as of marked importance. The percentage of failures in the area other than the sixteen cities has shown little variation in recent years. For 1934, it included 36.2 per cent of the cases; for 1935, its share was 37.7 per cent; for the first half of 1936, it was 34.0 per cent. These variations are too small to be taken to indicate any shift in conditions within urban and rural areas.

MONTHLY TREND OF CANADIAN FAILURES


*Canadian failures at 81 in July established a new low level for recent years. Furthermore, July usually records an increase over June. Liabilities have been at an unusually low level for the last two months.*

## Quarterly Record of Canadian Failures by Provinces—1934-1936

*(Liabilities in thousands of dollars)*

| | Number | | | | | | | | | | | | Liabilities | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1934 | | | | 1935 | | | | 1936 | | | | 1934 | | | | 1935 | | | | 1936 | | | |
| Provinces | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| Prince Edward Island | 2 | 3 | 3 | 6 | 5 | 3 | .. | 2 | 3 | 3 | .. | .. | 11 | 10 | 8 | 25 | 30 | 24 | .. | 53 | 47 | 24 | .... | .... |
| Nova Scotia | 17 | 17 | 9 | 15 | 14 | 11 | 12 | 12 | 8 | 9 | .. | .. | 125 | 82 | 99 | 94 | 126 | 77 | 64 | 64 | 97 | 29 | .... | .... |
| New Brunswick | 11 | 12 | 3 | 11 | 8 | 8 | 11 | 11 | 4 | 3 | .. | .. | 94 | 52 | 62 | 55 | 30 | 96 | 82 | 143 | 23 | 38 | .... | .... |
| Quebec | 188 | 143 | 116 | 185 | 178 | 143 | 128 | 145 | 185 | 130 | .. | .. | 2,624 | 3,516 | 1,437 | 2,476 | 1,499 | 1,952 | 1,657 | 1,416 | 1,933 | 1,232 | .... | .... |
| Ontario | 138 | 142 | 112 | 162 | 126 | 103 | 114 | 99 | 96 | 130 | .. | .. | 866 | 1,364 | 924 | 2,150 | 826 | 1,058 | 1,039 | 753 | 1,816 | 467 | .... | .... |
| Manitoba | 46 | 40 | 28 | 24 | 28 | 26 | 16 | 19 | 36 | 17 | .. | .. | 296 | 306 | 328 | 122 | 355 | 95 | 151 | 176 | 225 | 102 | .... | .... |
| Saskatchewan | 7 | 17 | 11 | 3 | 10 | 12 | 8 | 8 | 15 | 7 | .. | .. | 83 | 208 | 37 | 33 | 37 | 100 | 38 | 19 | 59 | 34 | .... | .... |
| Alberta | 18 | 14 | 12 | 13 | 20 | 24 | 15 | 16 | 19 | 19 | .. | .. | 157 | 121 | 73 | 82 | 141 | 184 | 109 | 80 | 82 | 158 | .... | .... |
| British Columbia | 27 | 14 | 16 | 15 | 7 | 10 | 7 | 8 | 10 | 11 | .. | .. | 253 | 129 | 673 | 67 | 13 | 341 | 97 | 169 | 206 | 119 | .... | .... |
| Total Canada | 454 | 402 | 310 | 434 | 396 | 340 | 311 | 320 | 376 | 329 | .. | .. | 4,509 | 5,788 | 3,641 | 5,104 | 3,057 | 3,927 | 3,237 | 2,873 | 4,488 | 2,203 | .... | .... |

## Quarterly Record of Canadian Failures by Cities—1934-1936

*(Liabilities in thousands of dollars)*

| | | Number | | | | | | | | | | | | Liabilities | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1934 | | | | 1935 | | | | 1936 | | | | 1934 | | | | 1935 | | | | 1936 | | | |
| City | Population (1931 Census) | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| Montreal, Que. | 879,322* | 115 | 87 | 77 | 115 | 112 | 80 | 86 | 96 | 125 | 82 | .. | .. | 1,717 | 2,971 | 1,063 | 1,285 | 918 | 631 | 823 | 1,074 | 1,157 | 862 | .... | .... |
| Toronto, Ont. | 631,207 | 56 | 80 | 55 | 95 | 69 | 54 | 58 | 57 | 47 | 78 | .. | .. | 293 | 695 | 580 | 1,238 | 311 | 381 | 508 | 440 | 298 | 199 | .... | .... |
| Vancouver, B. C. | 246,593 | 17 | 8 | 8 | 7 | 4 | 5 | 3 | 6 | 5 | 7 | .. | .. | 154 | 26 | 400 | 23 | 9 | 85 | 36 | 98 | 166 | 87 | .... | .... |
| Winnipeg, Man. | 218,785 | 31 | 30 | 22 | 15 | 19 | 11 | 8 | 10 | 26 | 10 | .. | .. | 220 | 304 | 301 | 57 | 311 | 37 | 115 | 104 | 145 | 29 | .... | .... |
| Hamilton, Ont. | 155,547 | 4 | 6 | 4 | 5 | 3 | 3 | 7 | 2 | 8 | 1 | .. | .. | 20 | 73 | 22 | 38 | 13 | 15 | 178 | 17 | 68 | 1 | .... | .... |
| Quebec, Que. | 130,594 | 10 | 14 | 10 | 13 | 13 | 19 | 7 | 4 | 10 | 6 | .. | .. | 198 | 101 | 86 | 412 | 129 | 648 | 104 | 70 | 102 | 165 | .... | .... |
| Ottawa, Ont. | 126,872 | 4 | 2 | 3 | 9 | 2 | 5 | 2 | 1 | 3 | 5 | .. | .. | 34 | 8 | 29 | 193 | 14 | 362 | 10 | 25 | 20 | 93 | .... | .... |
| Calgary, Alta. | 83,761 | 6 | 1 | 5 | 1 | 2 | 8 | 4 | 4 | 6 | 3 | .. | .. | 20 | 25 | 39 | 4 | 5 | 142 | 65 | 9 | 26 | 6 | .... | .... |
| Edmonton, Alta. | 79,197 | 7 | 4 | 2 | 4 | 6 | 7 | 4 | 3 | 6 | 8 | .. | .. | 12 | 20 | 2 | 17 | 57 | 14 | 4 | 14 | 24 | 60 | .... | .... |
| London, Ont. | 71,148 | 4 | 6 | 3 | 2 | 6 | 3 | 7 | 1 | 5 | 2 | .. | .. | 29 | 38 | 3 | 5 | 101 | 13 | 64 | 1 | 54 | 15 | .... | .... |
| Windsor, Ont. | 63,108 | 7 | .. | 1 | 2 | .. | 3 | 1 | 3 | 5 | 3 | .. | .. | 66 | .. | 4 | 13 | .. | 9 | 10 | 28 | 48 | 5 | .... | .... |
| Halifax, N. S. | 59,275 | 7 | 7 | 4 | 6 | 5 | 4 | 4 | 3 | 3 | 3 | .. | .. | 48 | 30 | 50 | 42 | 78 | 33 | 32 | 20 | 76 | 8 | .... | .... |
| Regina, Sask. | 53,209 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .... | .... |
| St. John, N. B. | 47,514 | 4 | 3 | 3 | 4 | 4 | 1 | 2 | 6 | 2 | 2 | .. | .. | 48 | 16 | 62 | 29 | 11 | 4 | 13 | 22 | 16 | 37 | .... | .... |
| Saskatoon, Sask. | 43,291 | 4 | 8 | 5 | .. | 6 | 3 | 2 | 2 | 2 | 1 | .. | .. | 24 | 144 | 19 | .. | 18 | 35 | 3 | 2 | 6 | 18 | .... | .... |
| Victoria, B. C. | 39,082 | 1 | 1 | 3 | 3 | 1 | 1 | .. | .. | 1 | .. | .. | .. | 50 | 80 | 33 | 20 | 1 | 21 | .. | .. | 1 | .. | .... | .... |
| Total 16 Cities | | 277 | 257 | 205 | 281 | 252 | 207 | 195 | 198 | 254 | 211 | .. | .. | 2,933 | 4,531 | 2,693 | 3,376 | 1,976 | 2,430 | 1,965 | 1,924 | 2,207 | 1,585 | .... | .... |
| Balance of Country | | 177 | 145 | 105 | 153 | 144 | 133 | 116 | 122 | 122 | 118 | .. | .. | 1,576 | 1,257 | 948 | 1,728 | 1,081 | 1,497 | 1,272 | 949 | 2,281 | 618 | .... | .... |
| Total Canada | | 454 | 402 | 310 | 434 | 396 | 340 | 311 | 320 | 376 | 329 | .. | .. | 4,509 | 5,788 | 3,641 | 5,104 | 3,057 | 3,927 | 3,237 | 2,873 | 4,488 | 2,203 | .... | .... |

(*) Includes Verdun.

# SALES OF FARM EQUIPMENT BROADEN DESPITE DROUGHT

by RAYMOND BRENNAN

WHILE some slackening of the rapid progress that has been made since 1933 in the production and distribution of farm equipment may result from the drought, which has left several sections of the country with nothing to sell and others with crops reduced 75 to 50 per cent of normal, 1936 totals in all divisions of the trade are expected to make the best showing since 1930. From a crop yield standpoint, 1936 may prove more disastrous than the previous great drought year of 1934, but the cash position of the farmers is definitely stronger than at that time, which gives an entirely different aspect to farm equipment sales opportunities.

It was not the dearth of marketable products and feed supplies which placed such a heavy strain on farmers after the drought of 1934, but the lack of funds with which to meet taxes and living expenses. This year the flow of money has been generous, except to the districts where everything was burned up by the heat, giving farmers ample cash to cover implement purchases and to finance preparations for next season's crops.

### Further Production Gains

While the drought has dimmed prospects for some types of equipment for the balance of the year, it has brightened the outlook for others. Since the latter part of July, manufacturers have received unexpectedly larger orders for hay balers, corn binders, ensilage cutters, and various other equipment needed to conserve roughage. Any corn worth cutting is being saved as silage or corn stover, and few silos will be left unfilled this Fall, as all possible value out of the corn crop will be salvaged. Grain binder orders have fallen off since August 1, because the straw was short, but business in combines has held up well. As larger acreage is to be planted to wheat this Fall, orders for drills have been heavy.

**Farm Equipment Production ***

| Year | Wholesale Value | Per Cent Change |
|---|---|---|
| 1921 | \$328,040,783 | ..... |
| 1922 | 209,639,897 | −36.1 |
| 1923 | 364,854,106 | +74.0 |
| 1924 | 323,367,127 | −11.4 |
| 1925 | 391,812,436 | +21.2 |
| 1926 | 461,399,528 | +17.8 |
| 1927 | 460,888,111 | − 0.1 |
| 1928 | 524,255,416 | +13.7 |
| 1929 | 606,621,812 | +15.7 |
| 1930 | 507,002,259 | −16.4 |
| 1931 | 214,390,792 | −57.7 |
| 1932† | 116,000,000 | −45.9 |
| 1933† | 119,000,000 | + 2.6 |
| 1934† | 180,000,000 | +51.3 |
| 1935 | 333,332,070 | +85.2 |
| 1936‡ | 450,000,000 | +35.0 |

(*) Source: Bureau of Census.

(†) Estimates by Farm Bureau Equipment Institute; no census taken for these three years.

(‡) Trade estimate.

Production in all branches of farm equipment for the first seven months of the current year, however, went ahead of the comparative 1935 showing, and inventories of manufacturers and distributors were lowered steadily, as demand widened for both horse and tractor-drawn tillage implements. Output averaged 40 to 50 per cent larger than a year ago, with some districts reporting gains up to 105 per cent. The broadening employment of the tractor kept that division in a state of shortage for many months, and early in the season many distributors were without stocks of planters and plows.

At the beginning of June, manufacturers had orders booked sufficient to maintain schedules at the previous high level for thirty to sixty days. Early in June some cancellations were received from grain-raising sections affected by the drought, but the rise in orders continued from districts where dairying, canning, and truck gardening predominated. Foreign demand continued heavy, as exports for the first half of 1936 were 55 per cent ahead of 1935, following a gain of 49 per cent in the latter year over 1934.

The progress made thus far this year by manufacturers has brought preliminary estimates of 1936 production to \$450,000,000. This would be the largest output since 1930, when it amounted to \$507,002,259, and the fourth consecutive annual gain since 1932, when the all-time low was reached at \$116,000,000. It would exceed by 35 per cent the total of \$333,332,070 given out by the Bureau of Census for 1935, in its first compilation made since 1931.

### Tractors Replacing Horses

Neither the depression nor the drought succeeded in stemming the widening employment of the tractor in farm work. In the past decade, sales of tractors have gone ahead annually without interruption and during the current year contributed largely to the high percentage gains recorded for some manufacturers. The introduction of the small tractor multiplied its uses in both field and road work, particularly in view of the increase in the number of implements provided to fit it.

The steady transition from animal to mechanical power in agriculture is revealed by the gain of more than 150 per cent in the number of tractors on farms in the period from 1925 to 1936. On January 1, 1925, according to statistics compiled by the Farm Equipment Institute, there were 505,933 trac-

tors on farms in the United States. While the rate of increase was slowed from 1931 to 1934, uninterrupted annual gains lifted the number to 1,298,000 on January 1, 1936. As the estimates for 1936 sales run as high as 250,000, it is expected that the number in use on January 1, 1937, will be at least 1,500,000.

With the rise in the number of tractors operated has been a concomitant fall in the number of work animals on farms. At the beginning of the current year, the Department of Agriculture counted 11,637,000 horses and 4,685,000 mules on farms in the United States, giving a total of 16,322,000 work animals on farms on January 1, 1936. This was fewer by 10,106,000, or 38.2 per cent, than the 26,428,000 on January 1, 1918. In addition to the decrease in number, the efficiency of those remaining has been lessened by advanced age, which means that every year more farmers will be required to turn from animal to mechanical power.

### Sales Uptrend Extended

In spite of the constant expansion in farm equipment sales since the third quarter of 1933, previous gains were extended during the first seven months of 1936. The dollar volume of wholesalers and retailers ranged from 20 to 50 per cent more than for the comparative months of 1935, with sales of some of the individual items up as much as 100 to 150 per cent. In a number of territories, demand was slower during April and part of May, due to unfavorable crop prospects, but saving rains brought a sharp revival in June.

Developments during July and the early part of August reduced Fall sales prospects in the Northwest to minimum proportions, but the corn belt was not written off as an important market for farm equipment during the remainder of the year. Tractor sales started to pick up as the Fall plowing season approached, and demand strengthened for all types of salvage equipment, as pastures

### Work Animals on Farms *

*(January 1 of each year)*

| Year | Number of Horses | P. Ct. Change | Number of Mules | P. Ct. Change |
|---|---|---|---|---|
| 1918.... | 21,555,000 | .... | 4,873,000 | ..... |
| 1919.... | 21,482,000 | —0.3 | 4,954,000 | + 1.7 |
| 1920.... | 20,092,000 | —6.5 | 5,656,000 | +14.2 |
| 1921.... | 19,366,000 | —3.6 | 5,772,000 | + 2.1 |
| 1922.... | 18,760,000 | —3.1 | 5,827,000 | + 1.0 |
| 1923.... | 18,123,000 | —3.4 | 5,895,000 | + 1.2 |
| 1924.... | 17,365,000 | —4.2 | 5,908,000 | + 0.2 |
| 1925.... | 16,640,000 | —4.2 | 5,918,000 | + 0.2 |
| 1926.... | 16,067,000 | —3.4 | 5,903,000 | — 0.3 |
| 1927.... | 15,368,000 | —4.4 | 5,801,000 | — 1.7 |
| 1928.... | 14,768,000 | —3.9 | 5,647,000 | — 2.7 |
| 1929.... | 14,203,000 | —3.8 | 5,496,000 | — 2.7 |
| 1930.... | 13,742,000 | —3.2 | 5,382,000 | — 2.1 |
| 1931.... | 13,195,000 | —4.0 | 5,273,000 | — 2.0 |
| 1932.... | 12,664,000 | —4.0 | 5,148,000 | — 2.4 |
| 1933.... | 12,291,000 | —2.9 | 5,046,000 | — 2.0 |
| 1934.... | 12,052,000 | —1.9 | 4,945,000 | — 2.0 |
| 1935.... | 11,861,000 | —1.6 | 4,822,000 | — 2.5 |
| 1936.... | 11,637,000 | —1.9 | 4,685,000 | — 2.8 |

( * ) Source: Department of Agriculture.

withered under the heat. Stackers, sweeps, rakes, and hay tools turned more active, as the second crop of alfalfa came into view.

The trend has continued strongly toward modern equipment, with practically all lines selling well, but particularly tractors and the various power-drawn implements. Demand widened for one-plow tractors, the more modern two-plow type, rubber-tired tractors, new combines, and special tools. It has been one of the best seasons in years for harvester-threshers, manure spreaders, windmills, water systems, pumps, cream separators, corn planters, and equipment used by potato growers.

The movement of plows, cultivators, drills, harrows, and general farm tools has not been curtailed to any degree, as yet, by the drought. Even allowing for the loss which will be experienced in the most devastated States, it is estimated that the 1936 wholesale value of domestic sales of farm equipment will reach $390,000,000, or an increase of about 30 per cent over the 1935 total of $301,395,671 reported by the Bureau of Census. This would be the largest total since 1929, as the domestic sales of $191,545,000 in 1931 would be exceeded by 103.6 per cent and those of 1930 at $382,191,000 by 2.1 per cent.

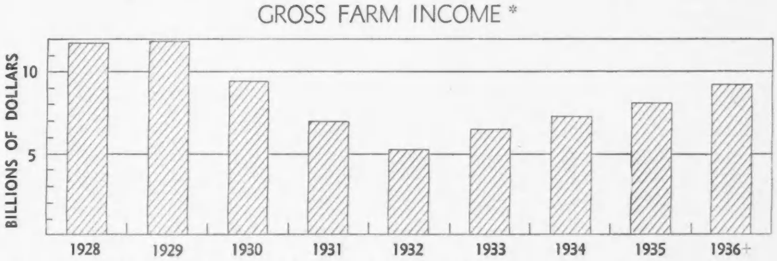
### Farm Income Rising

While the drought has taken away the income of farmers whose crops were destroyed, soaring commodity prices have brought unexpected benefits to those whose crops were successful. Since early in July, when the drought became a major market influence, the rapid rise of prices of farm products has been almost without precedent. Even for the first six months of the current year, when the drought factor was absent as a price stimulus, cash farm income was placed by the Department of Agriculture at $3,291,000,000, a gain of 11.3 per cent from $2,956,000,000 for the comparative six months of 1935.

Because of the almost continuous advance that has taken place since the beginning of the second half of the year in the quotations on such major products as wheat, corn, rye, oats, barley, hogs, lard, butter, eggs, cheese, potatoes, and soy beans, gross farm income for 1936 has been estimated at 15 per cent more than it was in 1935. This would lift it to $9,327,000,000, or higher by $1,217,000,000 than the revised total of $8,110,000,000 reported by the U. S. Bureau of Agricultural Economics for 1935.

The latter was higher by 11.6 per cent than the 1934 total of $7,266,-

GROSS FARM INCOME *




(*) Source: Bureau of Agriculture Economics. (+) Estimated.

*Because of advancing prices of major products, gross farm income for 1936 has been estimated at $9,326,000,000, a gain of $1,217,000,000, or 15 per cent, over 1935. Should this total be reached, it would set a six-year high by surpassing all annual figures back to 1930, when it amounted to $9,454,000,000.*

000,000, which has risen from $6,406,000,000 in 1933, an increase of 13.4 per cent. The 1933 figure, which was higher by 18.9 per cent, marked the first gain over the preceding year since 1929, as the abrupt downtrend in the three following years had reduced gross farm income to $5,387,000,000 in 1932. This was the smallest that had appeared on the statistical records of the Bureau in twenty-three years.

This was a reduction of 22.7 per cent from 1931 at $6,968,000,000, and a drop of $6,554,000,000, or 54.9 per cent, from the 1929 total of $11,941,000,000. Should the 1936 gross farm income come up to the estimated $9,327,000,000, it would establish a six-year peak by surpassing all annual figures back to 1930, when it amounted to $9,454,000,000. It would be lower, however, by $2,614,000,000, or 21.9 per cent, than the gross income of 1929.

### Farms and Farm Population *

*(Federal Farm Census, 1935)*

| State | Number of Farms | Farm Population |
|---|---|---|
| Alabama | 273,455 | 1,386,074 |
| Arizona | 18,824 | 100,083 |
| Arkansas | 253,013 | 1,180,238 |
| California | 150,360 | 608,838 |
| Colorado | 63,644 | 276,198 |
| Connecticut | 32,157 | 143,157 |
| Delaware | 10,381 | 48,558 |
| District of Columbia | 89 | 532 |
| Florida | 72,857 | 319,658 |
| Georgia | 250,544 | 1,405,944 |
| Idaho | 45,113 | 198,983 |
| Illinois | 231,312 | 1,017,650 |
| Indiana | 200,835 | 852,994 |
| Iowa | 221,986 | 967,979 |
| Kansas | 174,589 | 703,743 |
| Kentucky | 278,298 | 1,307,816 |
| Louisiana | 170,216 | 859,351 |
| Maine | 41,907 | 184,697 |
| Maryland | 44,412 | 241,596 |
| Massachusetts | 35,094 | 163,219 |
| Michigan | 196,517 | 840,514 |
| Minnesota | 203,302 | 928,487 |
| Mississippi | 311,683 | 1,332,981 |
| Missouri | 278,454 | 1,183,499 |
| Montana | 50,564 | 195,262 |
| Nebraska | 133,616 | 580,694 |
| Nevada | 3,696 | 15,385 |
| New Hampshire | 17,695 | 76,007 |
| New Jersey | 29,375 | 144,368 |
| New Mexico | 41,369 | 189,358 |
| New York | 177,025 | 784,483 |
| North Carolina | 300,967 | 1,623,481 |
| North Dakota | 84,606 | 385,614 |
| Ohio | 255,146 | 1,127,405 |
| Oklahoma | 213,325 | 1,015,562 |
| Oregon | 64,826 | 248,767 |
| Pennsylvania | 191,284 | 975,082 |
| Rhode Island | 4,327 | 21,751 |
| South Carolina | 165,504 | 948,435 |
| South Dakota | 83,303 | 358,204 |
| Tennessee | 273,783 | 1,308,420 |
| Texas | 501,017 | 2,332,693 |
| Utah | 30,695 | 138,242 |
| Vermont | 27,061 | 122,655 |
| Virginia | 197,632 | 1,053,469 |
| Washington | 84,381 | 335,840 |
| West Virginia | 104,747 | 561,919 |
| Wisconsin | 199,877 | 930,515 |
| Wyoming | 17,487 | 74,507 |
| Total U. S. | 6,812,350 | 31,800,907 |

(*) Compilation by *Farm Implement News*.

### Gross Income from Farm Production *

| Year | Gross Income | Per Cent Change |
|---|---|---|
| 1909 | $6,238,000,000 | ..... |
| 1910 | 6,643,000,000 | + 6.5 |
| 1911 | 6,372,000,000 | − 4.1 |
| 1912 | 6,784,000,000 | + 6.5 |
| 1913 | 6,975,000,000 | + 2.8 |
| 1914 | 7,028,000,000 | + 0.8 |
| 1915 | 7,395,000,000 | + 5.2 |
| 1916 | 8,914,000,000 | +20.5 |
| 1917 | 12,832,000,000 | +44.0 |
| 1918 | 15,101,000,000 | +17.7 |
| 1919 | 16,935,000,000 | +12.1 |
| 1920 | 13,566,000,000 | −19.9 |
| 1921 | 8,927,000,000 | −34.2 |
| 1922 | 9,944,000,000 | +11.4 |
| 1923 | 11,041,000,000 | +11.0 |
| 1924 | 11,337,000,000 | + 2.7 |
| 1925 | 11,968,000,000 | + 5.6 |
| 1926 | 11,480,000,000 | − 4.1 |
| 1927 | 11,616,000,000 | + 1.2 |
| 1928 | 11,741,000,000 | + 1.1 |
| 1929 | 11,941,000,000 | + 1.7 |
| 1930 | 9,454,000,000 | −20.8 |
| 1931 | 6,968,000,000 | −26.3 |
| 1932 | 5,387,000,000 | −22.7 |
| 1933 | 6,406,000,000 | +18.9 |
| 1934 | 7,266,000,000 | +13.4 |
| 1935 | 8,110,000,000 | +11.6 |
| 1936† | 9,327,000,000 | +15.0 |

(*) Source: U. S. Bureau of Agricultural Economics.
(†) Preliminary estimate.

### Number of Farms Increased

In addition to the rising income, manufacturers of equipment have taken full cognizance of the increase in the number of farms and farm population in planning their sales expansion programs for 1937. On January 1, 1935, the Federal Farm Census counted 6,812,350 farms in the United States. As the enumerations are made only at five-year intervals, there was a gain of 523,700, or 8.3 per cent, over the 6,288,650 counted in 1930.

The total acreage of farms was given as 1,054,515,111, a gain of 67,744,095, or 6.9 per cent, since the 1930 census. This acreage constituted approximately 55 per cent of the total land area of the United States. Of the land in farms, about 34 per cent was used for crops and 49 per cent for pasture or grazing.

For the number of persons living on farms, the 1935 Federal Farm Census counted 31,800,907, the largest farm population ever recorded by a census. It represented an increase of 1,355,557 persons, or 4.5 per cent, from the 30,445,350 persons counted in 1930. The previous high was in 1920, when 31,614,269 persons lived on farms.

### Few Failures Recorded

Following the slight upturn in the number of failures in 1935, after an uninterrupted reduction since 1931, bankruptcies almost were absent in the farm equipment trade during the first seven months of 1936. Only 4 were recorded, setting a new low for the period, and also for the monthly average, being under that of both 1934 and 1928, which were the two previous low points. All of the failures appeared in the distributors' division.

This marked the resumption of the downtrend which started in 1932, when the number of failures was reduced to 43 from the all-time peak established at 51 in 1931. By 1933 the total had dropped to 40, and by 1934 to 11, which represented a new low by going under the 13 recorded for 1928. In 1935 the trend was reversed, an increase of 36.4 per cent over 1934, lifting the number to 15.

The complete insolvency record of the farm equipment trade from 1927 to July, 1936, inclusive, as compiled by Dun & Bradstreet, Inc., shows:

#### Manufacturers

| Year | Number | Liabilities |
|---|---|---|
| 1927 | 1 | $100,000 |
| 1928 | 2 | 204,500 |
| 1929 | .. | ....... |
| 1930 | 3 | 172,100 |
| 1931 | 4 | 2,026,979 |
| 1932 | 8 | 388,632 |
| 1933 | 6 | 144,697 |
| 1934 | 1 | 30,000 |
| 1935 | 1 | 152,380 |
| 1936* | .. | ....... |

#### Distributors

| Year | Number | Liabilities |
|---|---|---|
| 1927 | 34 | $377,368 |
| 1928 | 11 | 350,616 |
| 1929 | 12 | 193,600 |
| 1930 | 24 | 561,200 |
| 1931 | 47 | 619,588 |
| 1932 | 35 | 1,040,160 |
| 1933 | 34 | 653,534 |
| 1934 | 10 | 146,275 |
| 1935 | 14 | 440,376 |
| 1936* | 4 | 67,908 |

(*) January to July, inclusive.

These statistics of commercial failures are exclusive of applications under Section 77-B. From June 7, 1934, when Section 77-B of the New Bankruptcy Act became effective, to July 31, 1936, applications were filed under this section by 2 manufacturers in this industry and by 3 wholesalers and retailers.

# MARKETING TRENDS

DESPITE the prolongation of the drought, which has seriously affected the yields of the nation's crops, and the threats of labor troubles in some of the major industries, plus the unsettled political situation in Europe, July saw little of the traditional Midsummer slackening in either trade or industry.

Although some areas suffered by reason of the heat, and some seasonal slackening took place in a few lines, the various measures of industrial activity held at or above the levels of the preceding month. General retail distribution in the country as a whole reflected substantial gains in comparison with July, 1935, while wholesale buying for the coming season proceeded at a gratifying pace, with total volume well above that of last year. Cash income of farmers for the first half of 1936 showed an increase of $335,000,000 over the corresponding period of 1935.

### ADJUSTED INDEXES OF RETAIL SALES

(1929-1931 = 100)

| 1936 | * Department Stores | † Rural General Merchandise | † 5c. and 10c. Variety Stores | † New Passenger Automobiles |
|---|---|---|---|---|
| July | 89.3 | 114.5 | 109.5 | ..... |
| June | ‡86.3 | 112.5 | ‡104.0 | 109.0 |
| May | ‡85.3 | 113.5 | 97.0 | ‡93.0 |
| April | ‡82.4 | 110.0 | 95.0 | ‡93.5 |
| March | ‡82.4 | 106.5 | 93.5 | 101.0 |
| February | ‡81.4 | 93.0 | 88.0 | 89.5 |
| January | ‡79.5 | 96.5 | 91.0 | 102.0 |
| **1935** | | | | |
| December | ‡81.4 | 110.0 | 96.5 | 106.5 |
| November | ‡80.4 | 103.5 | 93.7 | 113.5 |
| October | ‡76.5 | 104.5 | 92.0 | 82.0 |
| September | 79.5 | 105.0 | 91.8 | 79.0 |
| August | ‡75.5 | 93.0 | 89.6 | 75.0 |
| July | 78.5 | 97.0 | 92.1 | 81.0 |
| June | 78.5 | 99.5 | 90.7 | 78.5 |
| May | 74.6 | 93.0 | 86.0 | 70.0 |
| April | 71.6 | 101.0 | 90.6 | 78.5 |
| March | 80.4 | 97.5 | 93.0 | 94.5 |
| February | 73.6 | 90.5 | 90.8 | 86.5 |
| January | 72.6 | 87.5 | 90.2 | 75.0 |

* Compiled by the Federal Reserve Board.
† Compiled by the Department of Commerce.
‡ Revised.

### Department Store Sales Rise

Department store sales continued to make a favorable exhibit. Sales volume was better sustained in July than is usual, according to the Board of Governors of the Federal Reserve System, and the Board's index, which allows for seasonal influences, increased from 86 per cent of the 1929-1931 average in June to 89 per cent in July. This is the highest level since the middle of 1931 and compares with an average of 77 per cent during 1935.

July sales were 14 per cent larger than the same month a year ago, while the aggregate for the first seven months displayed an increase of 11 per cent over the corresponding period last year.

Daily average sales of general merchandise in rural areas for July were about 18 per cent higher in dollar volume than for July, 1935, and were 15 per cent above those for the same month of 1934. Compared with June there was a decrease of about 17 per cent shown, or somewhat less than the usual decline at this season, resulting in a rise in the seasonally adjusted index from 112.5 in June to 114.5 for July. For the first seven months of 1936 sales were 12 per cent above the 1935 period.

The average daily sales of variety stores for July increased 19 per cent in dollar volume above those for July, 1935, and 22.5 per cent above those for July, 1934. The decline of 1 per cent from June was less than usual for the season and the seasonally adjusted index advanced to 109.5 for July from 104.0 in June.

### Mail Orders at Peak

A summary of 31 chain and mail order systems for July, as compiled by Dun & Bradstreet, Inc., reveals a startling uniformity of increases as compared with last year, only one chain unit reporting a slight decrease for the period. Mail order sales continued at or near record levels, the gain of 30.0 per cent over July last year for the two houses comparing with an increase of 14.8 per cent for the 29 chain store companies. Combined sales for both groups (31 systems) showed an increase of 18.9 per cent over July, 1935.

For the seven-month period mail orders showed an increase of 20.0 per cent compared with last year, and the chain companies a rise of 9.6 per cent.

The July summary of reports from the district offices of Dun & Bradstreet, Inc., revealed a slight seasonal let-down from June. In the wholesale division 109 centers reported Good sales in July, 49 Fair, and 2 Quiet, against 113, 46 and 2, respectively, in June.

At retail, 112 cities had Good sales, 42 Fair and 6 Quiet in July, against the June showing of 125 Good, 32 Fair and 4 Quiet.

Good collection reports declined from 69 to 64, Fair reports rose from 85 to 89, while Slow reports remained unchanged at 7.

# GRAPHIC REVIEWS

## COTTON CONSUMPTION

CONSUMPTION of cotton by American mills reached a total of 556,323 bales in June, reflecting a contraseasonal increase of 4.8 per cent, compared with May, and a rise of 44.9 per cent above that of June, 1935. Aggregate consumption during the eleven months of the present cotton season amounted to 5,736,643 bales, the largest for any similar period since 1928-29, and a gain of 15.4 per cent, as compared with the same period of the previous season.

### Cotton Consumption

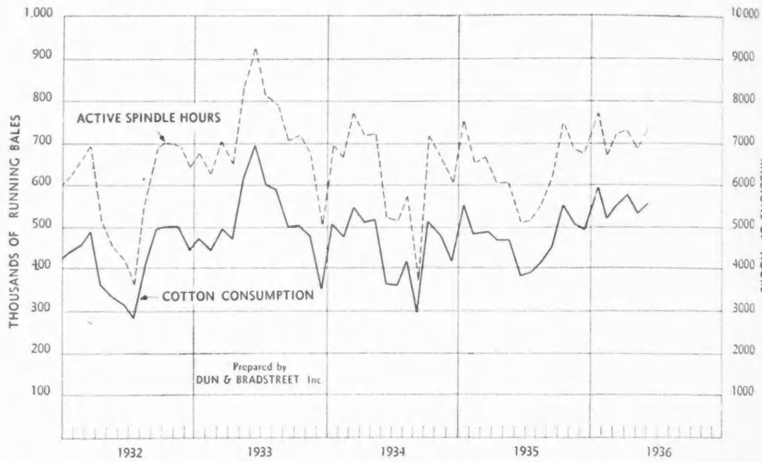
*(Running Bales)*

| | 1936 | 1935 | 1934 | 1933 |
|---|---|---|---|---|
| Jan. ..... | 591,309 | 550,553 | 508,021 | 470,182 |
| Feb. ..... | 516,649 | 480,339 | 477,046 | 441,203 |
| Mar. ..... | 548,913 | 482,373 | 544,870 | 495,183 |
| Apr. ..... | 576,762 | 468,402 | 512,594 | 470,359 |
| May ..... | 530,799 | 470,412 | 519,209 | 620,561 |
| June ..... | 556,323 | 383,982 | 363,262 | 697,261 |
| July ..... | ...... | 390,712 | 359,951 | 600,641 |
| Aug. ..... | ...... | 408,410 | 418,941 | 588,902 |
| Sept. ..... | ...... | 449,126 | 294,696 | 499,482 |
| Oct. ..... | ...... | 552,187 | 523,032 | 504,055 |
| Nov. ..... | ...... | 507,836 | 480,081 | 475,247 |
| Dec. ..... | ...... | 498,329 | 417,344 | 347,524 |
| Total ... | ...... | 5,642,661 | 5,419,047 | 6,210,600 |

Source: Bureau of the Census.

Exports of cotton in June amounted to 287,336 bales, as compared with 351,734 bales in May, and 344,955 bales in June, last year. The decline from May of 18.3 per cent was larger than usual at this time, while the decrease from June a year ago was the first such loss recorded since last August.

COTTON CONSUMPTION AND SPINDLE ACTIVITY




*Cotton consumption during June rose sharply over the like month of 1935 and showed a contraseasonal increase over May. Total consumption for eleven months of the cotton year was the largest in seven years.*

The Bureau of the Census reported 28,311,834 spinning spindles in place on June 30, of which 22,957,322, or 81 per cent, were active, a total of 7,319,892,450 spindle hours during the month.

### Active Spindle Hours

*(Millions of Spindle Hours)*

| | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|---|---|---|---|---|
| Jan. ........ | 7,714 | 7,542 | 6,970 | 6,788 | 6,214 |
| Feb. ........ | 6,736 | 6,567 | 6,692 | 6,286 | 6,567 |
| Mar. ........ | 7,264 | 6,623 | 7,720 | 7,048 | 6,955 |
| Apr. ........ | 7,320 | 6,055 | 7,260 | 6,569 | 5,195 |
| May ........ | 6,894 | 6,087 | 7,279 | 8,310 | 4,577 |
| June ........ | 7,320 | 5,102 | 5,253 | 9,299 | 4,247 |
| July ........ | .... | 5,155 | 5,152 | 8,128 | 3,659 |
| Aug. ........ | .... | 5,545 | 5,754 | 7,942 | 5,539 |
| Sept. ........ | .... | 6,184 | 3,716 | 7,058 | 6,866 |
| Oct. ........ | .... | 7,445 | 7,200 | 7,261 | 7,046 |
| Nov. ........ | .... | 6,897 | 6,710 | 6,796 | 6,967 |
| Dec. ........ | .... | 6,804 | 6,014 | 5,095 | 6,386 |
| Monthly av.. | 7,208 | 6,334 | 6,310 | 7,215 | 5,854 |

## BITUMINOUS COAL OUTPUT

BITUMINOUS coal production was stepped up to 32,113,000 tons in July, the highest monthly total recorded since last February, according to the United States Bureau of Mines. Last month's output reflected a rise of 2,800,000 tons, or 9.6 per cent above the preceding month, and a gain of 9,800,000 tons, or 43.8 per cent above the same month of 1935.

Cumulative production for the first seven months of 1936 amounted to 232,210,000 tons, an increase of 9.8 per cent over last year.

### Monthly Bituminous Production *

*(Tons)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Jan. ... | 39,330,000 | 36,681,100 | 33,459,000 |
| Feb. ... | 41,375,000 | 34,834,000 | 32,660,000 |
| Mar. ... | 31,233,000 | 38,701,000 | 38,475,000 |
| Apr. ... | 30,318,000 | 21,970,000 | 24,661,000 |
| May ... | 28,541,000 | 26,849,000 | 27,445,000 |
| June ... | 29,300,000 | 30,117,000 | 25,898,000 |
| July ... | 32,113,000 | 22,339,000 | 24,851,000 |
| Aug. ... | .......... | 26,112,000 | 27,500,000 |
| Sept. ... | ......... | 24,944,000 | 27,908,000 |
| Oct. ... | .......... | 37,664,000 | 33,008,000 |
| Nov. ... | .......... | 33,285,000 | 30,977,000 |
| Dec. ... | .......... | 34,829,000 | 32,526,000 |
| Total. | .......... | 368,193,000 | 359,368,000 |

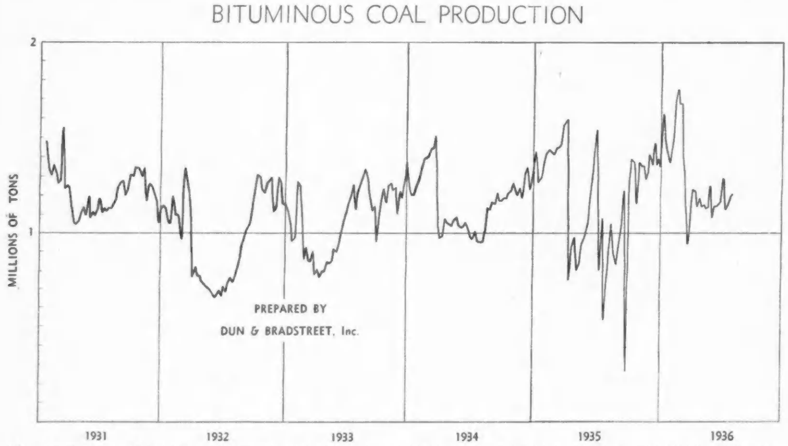
### Weekly Bituminous Production *

*(Daily Average Output, Tons)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Aug. 1.... | 1,228,000 | 889,000 | 969,000 |
| July 25.... | 1,219,000 | 1,047,000 | 1,003,000 |
| July 18.... | 1,176,000 | 912,000 | 974,000 |
| July 11.... | 1,141,000 | 769,000 | 989,000 |
| July 4.... | 1,296,000 | 513,000 | 1,024,000 |
| June 27.... | 1,150,000 | 1,089,000 | 1,046,000 |
| June 20.... | 1,121,000 | 805,000 | 1,027,000 |
| June 13.... | 1,122,000 | 1,537,000 | 1,019,000 |
| June 6.... | 1,091,000 | 1,442,000 | 1,036,000 |

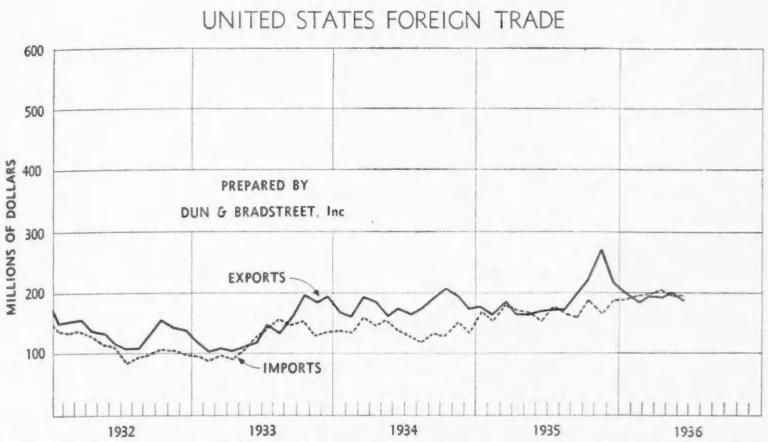
* Source: U. S. Bureau of Mines.

BITUMINOUS COAL PRODUCTION




*The chart shows the weekly movement of daily average production. The daily average rate during July was 1,235,000 tons, an increase of 9.6 per cent over June, and 43.8 per cent higher than July, a year ago.*

# OF MAJOR TRENDS




*The sharp decline in exports and the slight increase in imports in June as compared with May, resulted in an excess of imports over exports amounting to $7,045,000 in June and $10,568,000 for the half year.*

## IMPORTS EXCEED EXPORTS

AS on three previous occasions this year, the foreign trade report for June, as published by the Department of Commerce, revealed the United States as an import nation instead of an exporter. June imports increased slightly over May, totalling $192,233,000, or $7,045,000 larger than the export total of $185,188,000. Exports declined $15,500,000 from May and were the lowest for any month since last February. Compared with June, 1935, however, exports displayed a gain of about $15,000,000, while imports increased about $35,500,000 over a year ago.

### Exports, Including Re-exports *

*(000 omitted)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Jan. .... | $198,573 | $176,223 | $172,220 |
| Feb. .... | 182,030 | 163,007 | 162,752 |
| Mar. .... | 195,189 | 185,026 | 190,938 |
| Apr. .... | 192,775 | 164,151 | 179,427 |
| May .... | 200,666 | 165,459 | 160,197 |
| June .... | 185,188 | 170,244 | 170,519 |
| July .... | ...... | 173,230 | 161,672 |
| Aug. .... | ...... | 172,126 | 171,984 |
| Sept. ... | ...... | 198,803 | 191,313 |
| Oct. .... | ...... | 221,296 | 206,413 |
| Nov. .... | ...... | 269,838 | 194,712 |
| Dec. .... | ...... | 223,469 | 170,654 |
| Total ... | ...... | $2,282,874 | $2,132,800 |

* Source: U. S. Department of Commerce.

The total value of merchandise exports for the first six months of 1936 were the largest since 1931, while general imports for the half-year exceeded all records since 1930. Exports for the six months' period amounted to $1,154,420,000, a gain of 12.7 per cent over the same period of 1935, while imports at $1,164,988,000, represented an increase of 17.1 per cent. Imports for the January-to-June period exceeded exports by $10,568,000, as compared with an export balance of $29,645,000 in 1935.

### General Imports *

*(000 omitted)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Jan. .... | $187,482 | $166,832 | $135,706 |
| Feb. .... | 192,771 | 152,491 | 132,753 |
| Mar. .... | 198,796 | 177,356 | 158,105 |
| Apr. .... | 202,789 | 170,500 | 146,523 |
| May .... | 191,218 | 170,533 | 154,647 |
| June .... | 192,233 | 156,754 | 136,109 |
| July .... | ...... | 176,631 | 127,229 |
| Aug. .... | ...... | 169,030 | 119,513 |
| Sept. ... | ...... | 161,647 | 131,658 |
| Oct. .... | ...... | 189,357 | 120,635 |
| Nov. .... | ...... | 169,385 | 150,919 |
| Dec. .... | ...... | 186,968 | 132,258 |
| Total ... | ...... | $2,047,485 | $1,655,055 |

* Source: U. S. Department of Commerce.

## FREIGHT CARLOADINGS

LOADINGS of revenue freight for the week ended August 1 reached the highest figure recorded for the past five years. The total was 747,551 cars, according to figures compiled by the Association of American Railroads, exceeding the previous recovery peak of 734,274 cars in the week of October 12, and for the first time exceeding the total for the corresponding week of 1931.

Cumulative loadings for the first thirty-one weeks of this year amounted to 20,163,968 cars, as compared with 17,980,898 cars in the same week of 1935, and 18,400,298 in the like period of 1934.

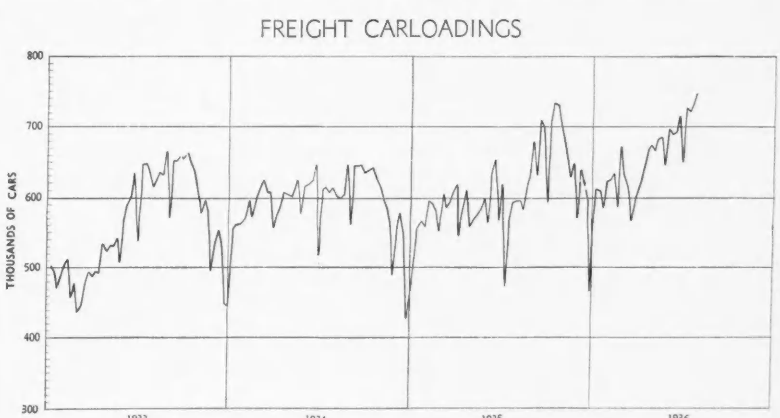
Carloadings by commodity groups for the first thirty-one weeks of 1936 and 1935 follow:

| | 1936 | 1935 | Change P. Ct. |
|---|---|---|---|
| Miscellaneous freight. | 8.019.212 | 6.909.662 | —16.1 |
| Merchandise (L.C.L.) | 4.800.873 | 4.775.388 | — 0.5 |
| Coal ............... | 3.902.827 | 3.606.430 | — 8.2 |
| Forest products..... | 948.714 | 770.096 | —23.2 |
| Ore ............... | 761.896 | 522.064 | —45.9 |
| Coke ............... | 263.824 | 193.442 | —36.4 |
| Grain & grain products | 1.088.153 | 835.265 | —30.3 |
| Livestock .......... | 378.469 | 368.551 | — 2.7 |

### Carloadings by Weeks *

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Aug. 1.......... | 747.551 | 595.297 | 612.660 |
| July 25.......... | 731.062 | 595.572 | 610.042 |
| July 18.......... | 720.402 | 592.672 | 616.040 |
| July 11.......... | 724.324 | 565.502 | 604.192 |
| July 4.......... | 649.759 | 471.126 | 520.741 |
| June 27.......... | 713.639 | 616.863 | 846.003 |
| June 20.......... | 690.716 | 567.049 | 623.322 |
| June 13.......... | 686.812 | 652.111 | 618.881 |
| June 6.......... | 695.845 | 629.712 | 616.768 |
| May 30.......... | 646.859 | 562.682 | 579.656 |
| May 23.......... | 683.406 | 598.396 | 625.990 |
| May 16.......... | 681.447 | 582.950 | 612.331 |

* Source: Association of American Railroads.




*Carloadings for the final week of July reached the highest level recorded since October, 1931, and brought the total loadings for the year to date to 20,163,968 cars, an increase of 12.1 per cent above last year.*

# GRAPHIC REVIEWS

## JULY BUILDING PERMITS

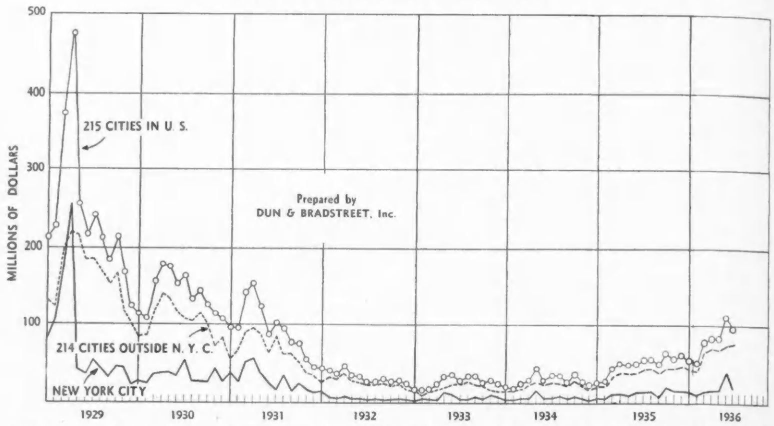
As a result of the sharp drop in building permit values at New York City from the abnormally large June figure, the total value of permits issued in July showed a decline of 15.4 per cent from June. This, however, was only slightly above the 10.5 per cent seasonal decrease usually expected at this time, and, if the New York City totals be excluded, there is a gain of 2.6 per cent shown for the July-June comparison.

The dollar volume of permits issued for the 215 cities for July amounted to $95,281,845, compared with $112,640,106 in June and $54,191,787 in July, 1935. The increase over last year was equal to 75.8 per cent.

The group totals of building permit values for 215 cities for July, 1936 and 1935, are shown in the following table:

| Groups: | July, 1936 | July, 1935 | Change P. Ct. |
|---|---|---|---|
| New England.. | $5,259,269 | $3,046,615 | + 72.7 |
| Middle Atlantic | 30,308,754 | 16,405,334 | + 84.7 |
| South Atlantic. | 11,346,293 | 6,243,688 | + 81.7 |
| East Central... | 18,734,192 | 9,889,343 | + 89.4 |
| South Central.. | 9,297,665 | 4,184,102 | +122.2 |
| West Central.. | 4,464,146 | 5,060,681 | — 11.8 |
| Mountain ..... | 1,700,576 | 1,697,843 | + 0.2 |
| Pacific ....... | 14,170,950 | 7,664,181 | + 84.9 |
| Total U. S... | $95,281,845 | $54,191,787 | + 75.8 |
| New York City. | $20,745,393 | $11,213,613 | + 85.0 |
| Outside N. Y. C. | $74,536,452 | $42,978,174 | + 73.4 |

BUILDING PERMIT VALUES




*Building operations were maintained in July at the high level prevailing in June in all sections of the country except New York City, which showed a sharp drop from the unusual activity displayed in June.*

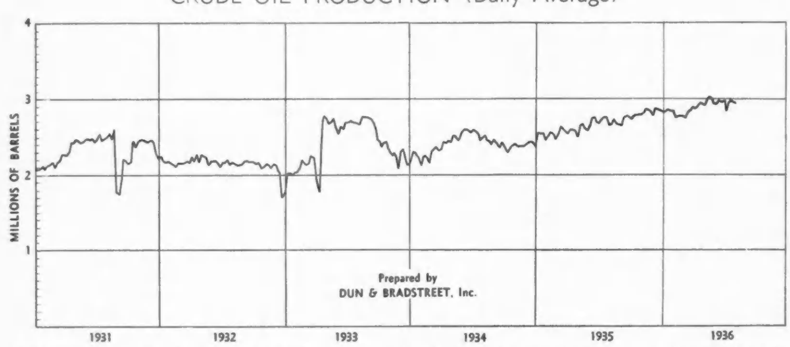
The total value of permits issued for the first seven months of 1936 continues favorable, the aggregate of $558,925,430 this year comparing with $307,435,886 for the like period of a year ago, or a rise of 81.8 per cent. This followed an increase of 52.7 per cent reported in 1935 over 1934, and a gain of 18.5 per cent in 1934 over 1933, which year witnessed the low point of the depression.

### Building Permit Values (Monthly)

*(215 Cities)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Jan. ..... | $54,957,904 | $26,826,268 | $20,825,055 |
| Feb. ..... | 51,559,661 | 27,636,367 | 19,326,964 |
| Mar. .... | 78,072,223 | 45,063,852 | 25,505,005 |
| April .... | 83,903,095 | 51,717,570 | 29,280,666 |
| May ..... | 82,510,596 | 49,327,248 | 43,825,268 |
| June ..... | 112,640,106 | 52,672,794 | 28,621,565 |
| July ..... | 95,281,845 | 54,191,787 | 33,899,650 |
| Aug. ..... | ......... | 55,536,546 | 34,452,738 |
| Sept. .... | ......... | 47,479,944 | 26,567,925 |
| Oct. ..... | ......... | 66,965,705 | 37,501,122 |
| Nov. ..... | ......... | 56,276,588 | 27,459,066 |
| Dec. ..... | ......... | 62,992,039 | 21,125,723 |
| Total... | ......... | $596,686,708 | $348,390,747 |

CRUDE OIL PRODUCTION (Daily Average)




*With gasoline consumption running at a record pace, production of crude oil in the past few months has been maintained at a fairly high level, although small declines were recorded in the two latest weeks.*

## CRUDE OIL PRODUCTION

ALTHOUGH production of crude oil and consumption of gasoline are both running about 10 per cent ahead of last year, the gasoline price structure is rather unsettled, owing to the retail price cutting reported in many sections of the East. According to the American Petroleum Institute, stocks of gasoline, finished and unfinished, reached a high of 73,654,000 barrels on April 11. On August 1 they stood at 64,817,000 barrels, a drop of 8,827,000 barrels.

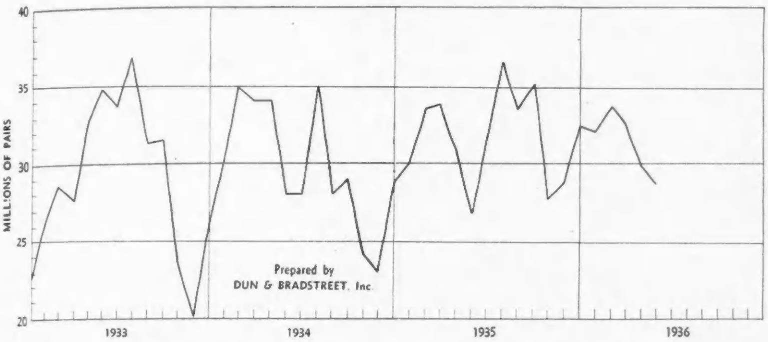
The record of daily average crude oil production for recent weeks, according to the American Petroleum Institute, follows:

*(Figures in barrels)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Aug. 1..... | 2,948,000 | 2,634,000 | 2,451,000 |
| July 25..... | 2,961,000 | 2,735,000 | 2,547,000 |
| July 18..... | 2,978,000 | 2,739,000 | 2,593,000 |
| July 11..... | 2,948,000 | 2,715,000 | 2,601,000 |
| July 4..... | 2,892,000 | 2,677,000 | 2,564,000 |
| June 27..... | 2,969,000 | 2,690,000 | 2,592,000 |
| June 20..... | 2,963,000 | 2,728,000 | 2,602,000 |
| June 13..... | 2,971,000 | 2,724,000 | 2,609,000 |
| June 6..... | 2,935,000 | 2,643,000 | 2,571,000 |
| May 30..... | 2,944,000 | 2,576,000 | 2,453,000 |
| May 23..... | 3,007,000 | 2,605,000 | 2,493,000 |
| May 16.... | 3,008,000 | 2,650,000 | 2,514,000 |
| May 9..... | 2,962,000 | 2,620,000 | 2,523,000 |
| May 2..... | 2,926,000 | 2,494,000 | 2,430,000 |
| Apr. 25..... | 2,933,000 | 2,561,000 | 2,450,000 |
| Apr. 18..... | 2,935,000 | 2,590,000 | 2,431,000 |
| Apr. 11..... | 2,890,000 | 2,582,000 | 2,449,000 |
| Apr. 4..... | 2,874,000 | 2,536,000 | 2,338,000 |
| Mar. 28..... | 2,876,000 | 2,563,000 | 2,325,000 |
| Mar. 21..... | 2,836,000 | 2,600,000 | 2,390,000 |
| Mar. 14..... | 2,808,000 | 2,608,000 | 2,378,000 |
| Mar. 7..... | 2,759,000 | 2,526,000 | 2,314,000 |
| Feb. 29..... | 2,775,000 | 2,474,000 | 2,183,000 |
| Feb. 22..... | 2,779,000 | 2,536,000 | 2,226,000 |
| Feb. 15..... | 2,774,000 | 2,568,000 | 2,289,000 |
| Feb. 8..... | 2,764,000 | 2,511,000 | 2,284,000 |
| Feb. 1..... | 2,816,000 | 2,448,000 | 2,122,000 |
| Jan. 25..... | 2,821,000 | 2,542,000 | 2,223,000 |
| Jan. 18..... | 2,834,000 | 2,531,000 | 2,295,000 |
| Jan. 11..... | 2,810,000 | 2,539,000 | 2,311,000 |
| Jan. 4..... | 2,803,000 | 2,389,000 | 2,166,000 |

# OF MAJOR TRENDS

PRODUCTION OF BOOTS AND SHOES




*June production of boots and shoes was 5.5 per cent above June, 1935, but 3.7 per cent under the May total. Despite this decline, output for the first six months established a new high record for the period.*

## BOOT AND SHOE PRODUCTION

JUNE production of boots and shoes, as reported by the Department of Commerce, Bureau of the Census, totalled 28,719,000 pairs. This represented a decrease of more than a million pairs from the May output of 29,807,000, but was about 1,500,000 larger than June, 1935, when 27,234,000 pairs were produced. Consumer demand for Summer footwear has held up well in the past few months, reducing inventories and enabling retailers to make their Fall and Winter commitments.

### Boot and Shoe Production *

*(Figures in thousands of pairs)*

| | 1936 | 1935 | 1934 | 1933 |
|---|---|---|---|---|
| January .... | 32,420 | 29,564 | 26,042 | 22,717 |
| February .... | 32,142 | 30,875 | 30,532 | 26,384 |
| March ...... | 34,159 | 34,228 | 35,554 | 28,577 |
| April ....... | 32,688 | 34,564 | 34,425 | 27,630 |
| May ....... | 29,807 | 31,258 | 34,059 | 32,963 |
| June ....... | 28,719 | 27,234 | 28,544 | 34,861 |
| July ........ | ..... | 32,274 | 28,394 | 33,749 |
| August ...... | ..... | 37,243 | 35,624 | 37,019 |
| September ... | ..... | 33,909 | 28,184 | 31,234 |
| October ..... | ..... | 35,948 | 28,709 | 31,456 |
| November ... | ..... | 27,715 | 23,852 | 23,695 |
| December ... | ..... | 28,949 | 23,200 | 20,095 |
| Total ..... | ..... | 383,761 | 357,119 | 350,382 |

* Source: U. S. Department of Commerce.

Notwithstanding the fact the June production failed to equal that of May, the output of shoes for the first six months of 1936 set up a new high record of 189,935,000 pairs. This was an increase of 1.2 per cent over the corresponding period of 1935, and was slightly higher than in the first half of 1934 when 189,156,000 pairs were produced. Comparison with the low mark of 149,863,000 pairs recorded in 1932, showed a rise of 26.7 per cent. The June and six months' record for a number of years follows (figures in pairs):

| | June | Six Months | Compared Previous Year |
|---|---|---|---|
| 1936...... | 28,719,000 | 189,935,000 | + 1.2 |
| 1935...... | 27,234,000 | 187,723,000 | — 0.8 |
| 1934...... | 28,544,000 | 189,156,000 | + 9.3 |
| 1933...... | 34,861,000 | 173,134,000 | +15.5 |
| 1932...... | 23,561,000 | 149,863,000 | — 6.0 |
| 1931...... | 27,840,000 | 159,404,000 | + 0.6 |
| 1930...... | 23,904,000 | 158,473,000 | — 8.1 |
| 1929...... | 28,120,000 | 172,510,000 | + 2.4 |
| 1928...... | 27,284,000 | 168,479,000 | + 2.1 |
| 1927...... | 27,497,000 | 165,076,000 | + 7.0 |
| 1926...... | 25,041,000 | 154,307,000 | — 3.8 |
| 1925...... | 23,449,000 | 160,450,000 | + 1.6 |
| 1924...... | 22,464,000 | 157,901,000 | —16.0 |
| 1923...... | 28,273,000 | 187,948,000 | +23.7 |

## ELECTRICITY PRODUCTION

PRODUCTION of electricity for public use during June continued at a record pace. According to the Federal Power Commission, which has assumed the burden of compiling the monthly reports formerly published by the United States Geological Survey, total output in June rose to 9,091,000,000 kilowatt-hours, an increase of 15.4 per cent, compared with a year ago.

Average daily production in June was 303,031,000 kilowatt-hours, a gain of 3.4 per cent over May, as against a normal seasonal rise of about 2 per cent.

### Monthly Electricity Production *

*(Millions of kilowatt-hours)*

| | 1936 | 1935 | 1934 | 1933 |
|---|---|---|---|---|
| January ... | 9,246 | 8,354 | 7,651 | 6,965 |
| February ... | 8,599 | 7,491 | 7,066 | 6,297 |
| March ..... | 8,904 | 8,008 | 7,735 | 6,687 |
| April ...... | 8,898 | 7,816 | 7,458 | 6,478 |
| May ....... | 9,086 | 8,022 | 7,704 | 7,013 |
| June ...... | 9,091 | 7,875 | 7,490 | 7,242 |
| July ....... | .... | 8,373 | 7,617 | 7,491 |
| August .... | .... | 8,576 | 7,722 | 7,688 |
| September .. | .... | 8,206 | 7,207 | 7,350 |
| October .... | .... | 8,847 | 7,833 | 7,479 |
| November .. | .... | 8,690 | 7,609 | 7,243 |
| December .. | .... | 9,139 | 8,058 | 7,470 |
| Total .... | .... | 99,397 | 91,150 | 85,403 |

* Source: Federal Power Commission.

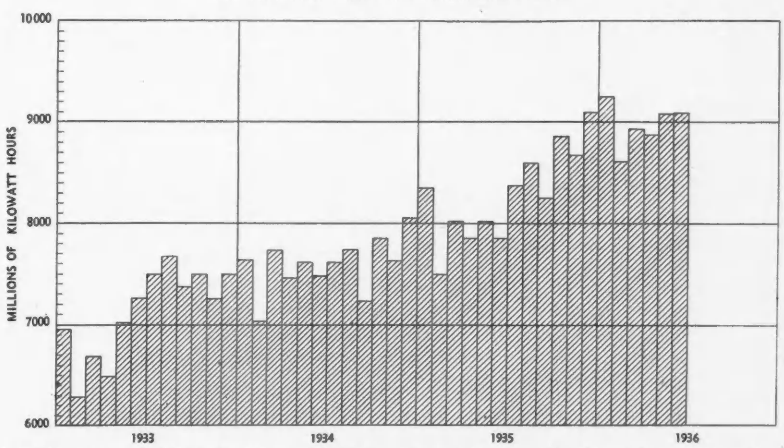
### Weekly Electricity Output *

*(Millions of kilowatt-hours)*

| | 1936 | 1935 | 1934 |
|---|---|---|---|
| Aug. 1..... | 2,079,137 | 1,821,398 | 1,658,000 |
| July 25..... | 2,088,284 | 1,823,521 | 1,684,000 |
| July 18..... | 2,099,712 | 1,807,037 | 1,664,000 |
| July 11..... | 2,029,704 | 1,766,010 | 1,648,000 |
| July 4..... | 1,956,230 | 1,655,420 | 1,556,000 |
| June 27..... | 2,029,639 | 1,772,138 | 1,688,000 |

* Source: Edison Electric Institute.

ELECTRIC POWER PRODUCTION




*Electric power production in June increased slightly over May to 9,091,000,000 kilowatt-hours, representing a gain of 15.4 per cent, compared with the same month last year, and 21.4 per cent above June, 1934.*

# ACTIVITY BROADENING IN MOST TEXTILE DIVISIONS

by C. S. WOOLSLEY

COTTON goods markets were very active during the first half of July, but trading subsided somewhat in the final ten days as buyers and sellers alike began to await the government report on the progress of the cotton crop. Sales in the first two weeks were well in excess of production, whereas sales in the last half of the month were equivalent to one-half of production. Print cloths ended the month with excess of unfilled orders over stocks equal to slightly more than four weeks of current output. Other divisions also were sold well ahead.

As the month ended, the delivery situation grew tighter and many cloths could not be bought for delivery beyond September. Numerous requests for anticipations of shipments were turned down by mills, which explained that meeting such requests would hamper still further deliveries on goods already contracted for.

Indicative of the price advances that occurred during the month were the following: 39-inch 4-yard 80 squares, opened at 7⅝c. and closed at 8c.; 27-inch 7-yard 64x60s, opened at 4c., closed at 4⅜c.; 40-inch 3.50-yard osnaburgs, opened at 6⅜c., closed at 6⅞c.; 37-inch 4.37-yard 100x60 broadcloths, opened at 6¼c., closed at 6½c.

### Cotton Mills Sold Ahead

Spot cotton opened at 12.50c. a pound, rose to 13.65c., and then fell back to 12.85c. Despite the decline in the raw materials, cotton goods advances were well maintained, due to the fact that mills found it difficult to secure the long staples required in print cloths and many other types of goods.

Cotton mills opened lines of fancy gray cloths for the Spring season early in the month. The first few weeks were taken up with active sampling and were followed by the placing of satisfactory initial orders. Finished cotton goods sold in the largest volume in quite some time. Jobbers before the end of the month had sold out goods they had bought to cover their supposed needs through September, in many cases, and were back for more.

Unbranded wide sheetings, sheets and pillowcases were advanced on an average of 2½ per cent, with the possibility that further advances would be made in August. Mills succeeded in selling production far ahead on both standard and low count construction, many plants selling up their entire output to the end of the year.

### Price Advances General

Percales were lifted on an average of ¼c. a yard, as house dress manufacturers covered on quantities needed in Fall production. Finishers were backward in making deliveries and few spot goods were available. Mills at the end of the month were more completely sold on men's shirtings than at any time in recent years. Converters had no trouble in disposing of large stocks and accumulated new supplies of gray goods.

Tickings were 1c. a yard higher and mills sold up production for two to four months ahead. Work clothing fabrics were uniformly strong and active. Denims, chambrays, hickory stripes, coverts, colored yarn and constructions, whipcords, bedford cords and cottonades shared in the general sales and price upturn.

Low-end cretonnes were higher and mills advanced monks cloth prices several cents a yard from the loss levels that prevailed up to the first week of the month. Converters and mills started showing wash goods lines for the Spring season and succeeded in selling the remaining Fall stocks at full asking prices. Converters reported a larger use of pajama checks in men's underwear, replacing broadcloths and other plain carded goods.

### Delivery Delays Acute

Buyers still found it difficult to arrange nearby deliveries on outing flannels, most mills remaining sold up until the end of the year. Towel prices were again advanced as sales continued to increase. Volume business on towels during the month was much larger than usual. New lines of bedspreads met with increased sales.

Makers of jacquard, crinkle and candlewick spreads reported that volume booked during the month was considerably above expectations, with the result that they were compelled to readjust production schedules on several occasions. Sales of cotton blankets ran into heavy volume and mills found it increasingly difficult to arrange deliveries satisfactory to buyers. Wool blankets continued active and prices remained strong.

Curtain goods were bought in large quantities. Buyers found it almost impossible to secure supplies of cotton jacquard robe cloths. With furniture sales increasing, upholstery fabrics were in active demand at strong prices. Furniture makers are showing a preference for heavier and higher-priced cloths and are neglecting the fabrics popular during the depression years.

As the month closed, the main problem confronting mills re-

volved about deliveries. Mills are finding it impossible to accommodate all buyers with the result that many plants have resorted to the practice of allotting goods in order to provide for the needs of old-time customers who were a bit tardy in placing requirements.

### Silk Division Active

Takings of all sorts of raw silk by American mills in July reached a total of 36,658 bales, as compared with 31,437 bales in June, a net gain of 5,221 bales. The total was 7,408 bales below last July, however. Imports during the month amounted to 31,388 bales, or 4,608 bales more than in June, but 3,414 less than in July, 1935.

Silk hosiery mills during the month booked enough business to assure full time production for the rest of the year. Much of the business consisted of orders from mail order houses, chain stores and jobbers who succeeded in contracting for supplies when prices were low.

Some mills, however, refused to accept the business and adopted the policy of selling only one month ahead in order to take advantage of any upturn in prices. The indication is that buying of full-fashioned hosiery by the public during the Fall months will be unusually large.

### Rayon Shipments Large

July rayon yarn shipments were decidedly heavy in volume. Some producers reported that their deliveries to mills during the month hit a new all-time high. Others asserted that shipments equalled the heavy June ones. Some sales executives believe that the heavy yarn movement will continue until the end of the current year.

Toward the end of the month one large producer withdrew its rebate schedule which made for a rise of about 2 per cent in rayon prices. Other producers are expected to follow suit. The action was taken, it was explained, to avoid any difficulties arising out of application of the Robinson-Patman Price Discrimination Bill.

Sales of rayon greige goods were heavy during the month and a number of weavers succeeded in selling several months' production. Toward the end of the month, a movement was afoot to advance finished goods prices to cover advances in finishing rates by dyers and finishers in the Paterson area.

### Woolen Goods Slower

Wool, worsted yarn, and wool piece goods markets were spotty during the month. Sales of men's wear fabrics declined, as mills approached the end of the Fall season. The decline was offset, to some extent, by the expansion in sales of women's wear fabrics, garment manufacturers taking large quantities of fleeces and sports woolens. Unfilled orders at the end of the month were unofficially estimated at about 37,000,000 yards, a decline of about 8,000,000 yards when compared with the previous month.

Toward the end of the month a number of mills began to curtail operations. Men's wear mills plan to open Spring lines in August.

Cotton underwear sold in large volume and a number of knitters raised prices. Many mills sold up their production for the remainder of the year. Knitting mills making underwear and outerwear expect the second half of the year to produce a better profit showing than for several years past, probably since 1933. In units of dozens many mills already have shipped more goods than for a long time, if not at any time in their experience.

Price stabilization in the carpet and rug industry during the balance of the year is expected to produce a greater volume of business than in any year since 1929. The outlook for the last half of the year is bright and yardage should be equal to that of the first six months which was 15 to 20 per cent ahead of the corresponding period of last year.

### DAILY SPOT MIDDLING COTTON PRICES AT LEADING CENTERS DURING JULY, 1936

(Cents Per Pound)

| | Wed. July 1 | Thurs. July 2 | Fri. July 3 | Sat. July 4 | Mon. July 6 | Tues. July 7 | Wed. July 8 | Thurs. July 9 | Fri. July 10 | Sat. July 11 | Mon. July 13 | Tues. July 14 | Wed. July 15 | Thurs. July 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Orleans | 12.58 | 12.55 | 12.55 | *..... | 12.69 | 12.70 | 13.30 | 13.24 | 13.44 | 13.32 | 13.13 | 13.17 | 13.06 | 13.07 |
| New York | 12.50 | 12.51 | 12.49 | ..... | 12.62 | 12.69 | 13.23 | 13.28 | 13.65 | 13.59 | 13.52 | 13.56 | 13.43 | 13.43 |
| Savannah | 12.54 | 12.54 | 12.56 | ..... | 12.68 | 12.73 | 13.34 | 13.32 | 13.60 | 13.53 | 13.43 | 13.46 | 13.35 | 13.31 |
| Galveston | 12.25 | 12.25 | 12.25 | ..... | 12.35 | 12.45 | 13.05 | 13.05 | 13.40 | 13.30 | 13.20 | 13.20 | 13.08 | 13.05 |
| Memphis | 12.50 | 12.35 | 12.35 | ..... | 12.50 | 12.50 | 13.10 | 13.10 | 13.40 | 13.30 | 13.20 | 13.25 | 13.25 | 13.10 |
| Norfolk | 12.35 | 12.35 | 12.40 | ..... | 12.45 | 12.50 | 13.00 | 13.15 | 13.40 | 13.35 | 13.25 | 13.25 | 13.13 | 13.10 |
| Augusta | 12.79 | 12.79 | 12.95 | ..... | 13.08 | 13.12 | 13.73 | 13.72 | 14.01 | 13.92 | 13.82 | 13.86 | 13.86 | 13.71 |
| Houston | 12.24 | 12.24 | 12.24 | ..... | 12.47 | 12.52 | 13.15 | 13.15 | 13.40 | 13.30 | 13.20 | 13.23 | 13.23 | 13.03 |
| Little Rock | 12.19 | 12.19 | 12.20 | ..... | 12.20 | 12.38 | 12.99 | 12.97 | 13.25 | 13.18 | 13.08 | 13.12 | 13.12 | 12.96 |
| Fort Worth | 11.89 | 11.88 | 11.89 | ..... | 12.03 | 12.07 | 12.68 | 12.67 | 12.96 | 12.87 | 12.77 | 12.81 | 12.70 | 12.66 |
| Dallas | 11.89 | 11.88 | 11.89 | ..... | 12.03 | 12.07 | 12.68 | 12.67 | 12.96 | 12.87 | 12.77 | 12.81 | 12.70 | 12.66 |

| | Fri. July 17 | Sat. July 18 | Mon. July 20 | Tues. July 21 | Wed. July 22 | Thurs. July 23 | Fri. July 24 | Sat. July 25 | Mon. July 27 | Tues. July 28 | Wed. July 29 | Thurs. July 30 | Fri. July 31 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Orleans | 12.93 | 12.79 | 12.97 | 12.95 | 12.80 | 12.85 | 12.90 | 13.05 | 13.00 | 12.85 | 12.62 | 12.66 | 12.64 |
| New York | 13.23 | 13.12 | 13.27 | 13.31 | 13.14 | 13.12 | 13.16 | 13.30 | 13.23 | 13.10 | 12.80 | 12.84 | 12.85 |
| Savannah | 13.15 | 13.02 | 13.16 | 13.22 | 13.09 | 13.14 | 13.21 | 13.35 | 13.30 | 13.30 | 12.76 | 12.80 | 12.80 |
| Galveston | 12.85 | 12.70 | 12.85 | 12.90 | 12.75 | 12.80 | 12.85 | 12.97 | 12.93 | 12.78 | 12.53 | 12.57 | 12.57 |
| Memphis | 12.95 | 12.80 | 12.95 | 13.00 | 12.90 | 12.95 | 13.00 | 13.15 | 13.10 | 12.80 | 12.55 | 12.60 | 12.60 |
| Norfolk | 12.95 | 12.82 | 12.95 | 13.00 | 12.88 | 12.94 | 13.00 | 13.15 | 13.10 | 13.00 | 12.75 | 12.80 | 12.80 |
| Augusta | 13.55 | 13.42 | 13.57 | 13.62 | 13.49 | 13.54 | 13.61 | 13.75 | 13.69 | 13.55 | 13.30 | 13.34 | 13.35 |
| Houston | 12.86 | 12.74 | 12.87 | 12.92 | 12.77 | 12.82 | 12.87 | 13.01 | 12.91 | 12.80 | 12.55 | 12.59 | 12.59 |
| Little Rock | 12.80 | 12.67 | 12.81 | 12.87 | 12.74 | 12.79 | 12.86 | 13.00 | 12.95 | 12.80 | 12.46 | 12.50 | 12.50 |
| Fort Worth | 12.50 | 12.37 | 12.52 | 12.57 | 12.44 | 12.49 | 12.56 | 12.70 | 12.64 | 12.50 | 12.25 | 12.29 | 12.30 |
| Dallas | 12.50 | 12.37 | 12.52 | 12.57 | 12.44 | 12.49 | 12.56 | 12.70 | 12.64 | 12.50 | 12.25 | 12.29 | 12.30 |

* Holiday.

# THE TREND OF PRICES

THE wholesale commodity price level, which turned upward in June, continued to advance sharply during July, with grains and foodstuffs furnishing the leadership, as a result of the prolonged drought, which has greatly reduced prospective crop yields.

### Dun & Bradstreet Up Sharply

Following the rise of 1.2 per cent recorded a month ago, the Dun & Bradstreet Wholesale Commodity Price Index scored a further gain of 3.0 per cent during July. This brought the August 1 index to $10.1445, as compared with $9.8538 on July 1. The latest figure is the highest since January 1 of this year and shows a rise of 4.2 per cent over the 1936 low of $9.7374 touched on June 1. The August 1 figure is the highest for that date since 1934 and is 2.3 per cent above the August 1, 1935, index.

| Groups | Aug. 1, 1936 | July 1, 1936 | Aug. 1, 1935 |
|---|---|---|---|
| Breadstuffs ......... | $0.1308 | $0.1114 | $0.1086 |
| Livestock .......... | .3269 | .3290 | .3353 |
| Provisions .......... | 2.8974 | 2.7958 | 2.8064 |
| Fruits .............. | .2351 | .2326 | .2301 |
| Hides and Leather... | .9650 | .9763 | .9625 |
| Textiles ............ | 2.8199 | 2.7542 | 2.7885 |
| Metals .............. | .7008 | .6780 | .7750 |
| Coal and Coke....... | .0114 | .0114 | .0109 |
| Oils ................ | .5442 | .5152 | .5033 |
| Naval Stores........ | .1145 | .1094 | .1193 |
| Building Materials... | .1154 | .1156 | .1115 |
| Chemicals and Drugs. | .8461 | .8461 | .8478 |
| Miscellaneous ....... | .4370 | .3788 | .3193 |
| Total All......... | $10.1445 | $9.8538 | $9.9185 |

Advances were quite general in both the group and individual price comparisons. Eight groups were higher than a month ago, while only three declined and two remained unchanged. Changes in individual commodities showed 40 advances, 12 declines and 44 displayed no change from last month.

### Dun's Index at New Peak

Reflecting the influence of the drought on grain quotations, Dun's Index Number of Wholesale Commodity Prices extended the rise of the month preceding to reach $181.878 on August 1. This was the highest position recorded since February, 1930. The advance for the month amounted to 2.0 per cent, and followed a gain of 3.5 per cent a month ago. As compared with the August 1, 1935, position at $171.511, the latest index represents a rise of 6.0 per cent, while the gain over 1934 is 8.3 per cent.

| | Aug. 1, 1936 | July 1, 1936 | June 1, 1936 | Aug. 1, 1935 |
|---|---|---|---|---|
| Breadstuffs .. | $30.481 | $24.367 | $22.628 | $26.988 |
| Meat ........ | 18.030 | 17.841 | 17.288 | 19.942 |
| Dairy & Garden | 22.076 | 25.748 | 22.518 | 18.164 |
| Other Food... | 17.455 | 17.391 | 17.271 | 17.130 |
| Clothing ..... | 30.584 | 30.128 | 29.600 | 29.046 |
| Metals ...... | 23.537 | 22.959 | 23,099 | 22.071 |
| Miscellaneous . | 39.715 | 39.806 | 39.732 | 38.170 |
| Total ...... | $181.878 | $178.240 | $172.136 | $171.511 |

### Food Index at Six-Year High

Reflecting the serious drought and heat conditions prevailing during June and July in the crop producing areas, the Dun & Bradstreet Weekly Food Index advanced steadily from the year's low of $2.52 recorded on May 19 to $2.84 for the week ended August 4. This marked a new peak for 1936 and also a new high since the week of May 8, 1930, when the index stood at $2.85. Compared with the same week of 1935, the latest figure shows a rise of 6.4 per cent.

The Weekly Food Index is the sum total of the price per pound of 31 articles in common use. Comparison for recent weeks and years are given herewith:

| | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|---|---|---|---|---|
| Aug. 4..... | $2.84 | $2.67 | $2.23 | $1.95 | $1.74 |
| July 28..... | 2.77 | 2.63 | 2.18 | 1.97 | 1.72 |
| July 21..... | 2.76 | 2.60 | 2.18 | 1.99 | 1.73 |
| July 14..... | 2.74 | 2.58 | 2.17 | 2.08 | 1.73 |
| July 7..... | 2.76 | 2.58 | 2.16 | 2.03 | 1.67 |

### Daily Commodity Index

Daily fluctuations in the Dun & Bradstreet Daily Weighted Price Index since March 1, 1936, are set forth below:

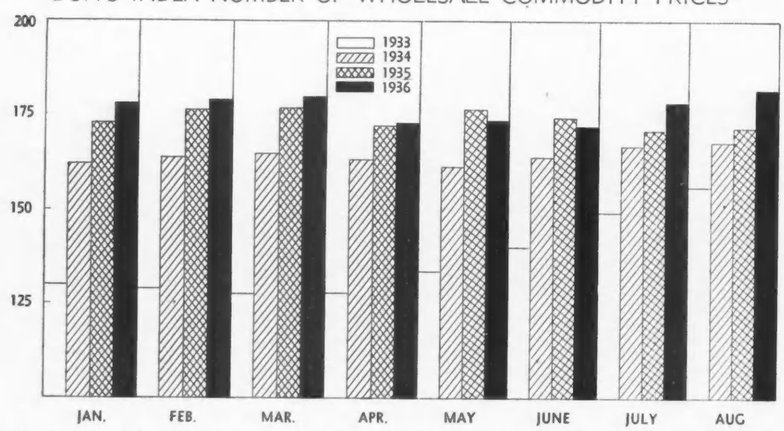
(1930-1932 = 100)

| | 1936 July | June | May | Apr. | Mar. |
|---|---|---|---|---|---|
| 1.... | 121.39 | 115.50 | 119.26 | 120.04 | † .... |
| 2.... | 123.26 | 115.60 | 119.27 | 119.81 | 121.63 |
| 3.... | 123.45 | 115.97 | † .... | 119.87 | 121.89 |
| 4.... | * .... | 116.39 | 118.91 | 119.71 | 121.72 |
| 5.... | † .... | 115.94 | 118.54 | † .... | 121.42 |
| 6.... | 124.87 | 116.16 | 118.70 | 119.76 | 120.65 |
| 7.... | 126.24 | † .... | 117.94 | 119.87 | 121.53 |
| 8.... | 126.49 | 116.13 | 117.34 | 120.11 | † .... |
| 9.... | 126.30 | 116.33 | 117.51 | 120.48 | 120.93 |
| 10.... | 127.97 | 116.42 | † .... | Holiday | 120.72 |
| 11.... | * .... | 116.77 | 116.60 | Holiday | 121.00 |
| 12.... | † .... | 116.87 | 116.28 | † .... | 121.66 |
| 13.... | 126.54 | 116.90 | 116.11 | 121.09 | 121.48 |
| 14.... | 125.96 | † .... | 116.19 | 121.56 | 121.30 |
| 15.... | 126.31 | 117.44 | 116.00 | 121.42 | † .... |
| 16.... | 127.30 | 117.76 | 116.84 | 120.82 | 121.37 |
| 17.... | 127.54 | 118.32 | † .... | 121.14 | 121.12 |
| 18.... | * .... | 118.20 | 116.73 | 121.41 | 120.72 |
| 19.... | † .... | 119.39 | 116.28 | † .... | 120.85 |
| 20.... | 126.17 | 120.06 | 116.70 | 121.05 | 120.64 |
| 21.... | 126.99 | † .... | 116.85 | 120.93 | 120.07 |
| 22.... | 127.39 | 120.65 | 116.65 | 121.56 | † .... |
| 23.... | 127.50 | 120.68 | 116.34 | 121.27 | 120.31 |
| 24.... | 127.10 | 120.75 | † .... | 120.73 | 120.60 |
| 25.... | * .... | 121.14 | 116.61 | 120.85 | 120.49 |
| 26.... | † .... | 120.74 | 115.87 | † .... | 120.39 |
| 27.... | 127.47 | * .... | 115.13 | 119.99 | 120.22 |
| 28.... | 127.76 | † .... | 115.38 | 119.81 | 120.50 |
| 29.... | 129.09 | 121.04 | 115.61 | 119.36 | † .... |
| 30.... | 129.54 | 120.59 | Holiday | 119.44 | 120.29 |
| 31.... | 130.43 | | † .... | | 119.93 |

† Sunday. * Markets closed.

| | High | | Low | |
|---|---|---|---|---|
| 1936.... | 130.43 | July 31 | 115.13 | May 27 |
| 1935.... | 124.83 | Oct. 8 | 116.22 | Mar. 18 |
| 1934.... | 121.58 | Dec. 31 | 101.05 | Jan. 3 |
| 1933.... | 113.52 | July 18 | 67.86 | Jan. 20 |
| 1932.... | 84.41 | Jan. 7 | 69.55 | Dec. 24 |

DUN'S INDEX NUMBER OF WHOLESALE COMMODITY PRICES




*The August 1 index rose to the highest level recorded in the past six and one-half years and clearly reflected the stimulating influence of the prolonged drought on quotations for grains and foodstuffs.*

# JULY BUILDING PERMIT VALUES FOR 215 CITIES

THE detailed report of building permit values for July, 1936 and 1935, and for June, 1936, as reported to Dun & Bradstreet, Inc., follows:

| New England | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Boston | $1,216,715 | $493,370 | $776,017 |
| Bridgeport | 213,635 | 263,372 | 207,297 |
| Brockton | 8,260 | 22,820 | 30,000 |
| Burlington, Vt. | 12,650 | 3,343 | 24,700 |
| Cambridge | 339,921 | 143,002 | 70,655 |
| Chelsea | 13,911 | 8,835 | 14,375 |
| Everett | 35,940 | 14,953 | 21,215 |
| Fall River | 96,115 | 7,699 | 31,295 |
| Fitchburg | 23,178 | 16,905 | 21,939 |
| Greenwich | 256,025 | 94,850 | 516,810 |
| Hartford | 261,010 | 190,014 | 280,957 |
| Haverhill | 17,385 | 19,265 | 15,103 |
| Holyoke | 15,950 | 37,000 | 26,210 |
| Lawrence | 58,010 | 39,997 | 46,560 |
| Lowell | 44,646 | 56,434 | 36,365 |
| Lynn | 71,363 | 19,251 | 165,329 |
| Manchester | 67,496 | 34,850 | 128,859 |
| Medford | 51,593 | 20,335 | 9,775 |
| New Bedford | 21,310 | 41,025 | 37,055 |
| New Britain | 153,479 | 198,653 | 63,314 |
| New Haven | 213,445 | 253,172 | 173,259 |
| Newton | 340,325 | 202,694 | 416,685 |
| Norwalk | 87,228 | 72,815 | 56,023 |
| Portland, Me. | 44,383 | 22,733 | 24,259 |
| Providence | 353,000 | 177,850 | 324,200 |
| Quincy, Mass. | 110,450 | 40,080 | 96,556 |
| Salem | 43,750 | 37,960 | 52,735 |
| Somerville | 41,610 | 18,110 | 35,100 |
| Sp'field, Mass. | 144,050 | 71,865 | 78,320 |
| Stamford | 143,624 | 39,935 | 85,930 |
| Waterbury | 88,075 | 62,055 | 106,650 |
| West Hartford. | 454,431 | 248,996 | 403,514 |
| Worcester | 216,306 | 132,377 | 219,703 |
| Total | $5,259,269 | $3,046,615 | $4,596,764 |

| Middle Atlantic | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Manhattan 1 | $2,502,750 | $3,739,425 | $10,632,850 |
| Manhattan 2 | 2,709,480 | 2,356,635 | 2,306,815 |
| Bronx 1 | 5,670,500 | 1,260,775 | 20,108,600 |
| Bronx 2 | 707,324 | 390,887 | 423,614 |
| Brooklyn 1 | 2,473,550 | 1,069,005 | 1,444,325 |
| Brooklyn 2 | 1,004,915 | 642,845 | 1,284,715 |
| Queens 1 | 4,635,809 | 1,126,993 | 2,844,270 |
| Queens 2 | 617,143 | 421,323 | 524,966 |
| Richmond 1 | 351,605 | 151,545 | 293,600 |
| Richmond 2 | 72,317 | 54,180 | 147,649 |
| Total N.Y.C. | $20,745,393 | $11,213,613 | $40,011,404 |

(1) New work. (2) Alterations.

| | | | |
|---|---|---|---|
| Albany | $309,299 | $140,385 | $385,502 |
| Allentown | 171,230 | 46,250 | 102,350 |
| Altoona | 28,320 | 55,477 | 18,216 |
| Atlantic City | 56,015 | 45,930 | 47,913 |
| Auburn | 7,100 | 6,010 | 13,485 |
| Bayonne | 14,864 | 43,130 | 53,969 |
| Binghamton | 604,705 | 182,998 | 114,796 |
| Buffalo | 420,479 | 376,790 | 754,669 |
| Camden | 100,299 | 28,712 | 105,786 |
| East Orange | 153,307 | 55,885 | 152,497 |
| Elizabeth | 166,865 | 69,765 | 25,353 |
| Elmira | 65,078 | 9,365 | 66,680 |
| Erie | 67,249 | 177,622 | 143,903 |
| Harrisburg | 149,510 | 29,375 | 101,210 |
| Jamestown | 171,600 | 175,605 | 225,460 |
| Jersey City | 86,167 | 36,021 | 659,432 |
| Lancaster | 71,054 | 31,122 | 88,127 |
| Mount Vernon. | 73,902 | 40,175 | 973,075 |
| Newark, N. J. | 832,562 | 245,925 | 326,835 |

| Mid. Atlantic (Cont.) | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| New Brunswick | $87,560 | $12,195 | $15,060 |
| New Rochelle | 80,221 | 131,230 | 208,286 |
| Niagara Falls. | 242,676 | 81,711 | 152,146 |
| Philadelphia | 2,028,770 | 1,017,770 | 1,225,590 |
| Pittsburgh | 482,820 | 836,205 | 953,112 |
| Poughkeepsie | 14,400 | 35,650 | 28,000 |
| Reading | 140,985 | 15,235 | 111,960 |
| Rochester | 835,943 | 170,991 | 1,102,634 |
| Schenectady | 316,233 | 82,015 | 178,257 |
| Scranton | 18,705 | 65,309 | 126,042 |
| Syracuse | 252,895 | 73,850 | 781,505 |
| Troy | 38,470 | 107,850 | 200,047 |
| Utica | 67,275 | 32,573 | 38,925 |
| Watertown | 18,183 | 10,324 | 31,404 |
| White Plains | 84,750 | 65,325 | 73,040 |
| Wilkes-Barre | 270,104 | 94,779 | 190,030 |
| Williamsport | 88,749 | 27,531 | 93,415 |
| Wilmington | 354,427 | 208,330 | 558,502 |
| Yonkers | 492,865 | 268,905 | 335,688 |
| York | 97,725 | 57,401 | 69,817 |
| Total | $30,308,754 | $16,405,334 | $50,844,122 |

| South Atlantic | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Asheville | $38,522 | $15,308 | $68,473 |
| Atlanta | 391,551 | 219,307 | 355,707 |
| Augusta | 27,285 | 103,676 | 75,670 |
| Baltimore | 1,494,100 | 794,280 | 1,383,500 |
| Charleston, S.C. | 62,650 | 40,325 | 54,828 |
| Charlotte | 239,040 | 73,342 | 247,774 |
| Coral Gables | 215,360 | 78,725 | 140,726 |
| Greensboro | 112,873 | 64,398 | 209,105 |
| Greenville | 101,527 | 23,730 | 96,642 |
| J'ksonville, Fla. | 296,613 | 360,240 | 331,169 |
| Lynchburg | 194,869 | 52,003 | 79,655 |
| Macon | 71,868 | 60,909 | 76,683 |
| Miami | 1,245,351 | 476,147 | 1,093,648 |
| Miami Beach | 2,238,937 | 1,028,138 | 1,317,537 |
| Norfolk | 197,877 | 154,400 | 130,757 |
| Richmond | 312,892 | 200,762 | 270,184 |
| Roanoke | 27,584 | 58,923 | 101,402 |
| Savannah | 112,236 | 28,810 | 10,415 |
| Tampa | 84,425 | 286,145 | 54,089 |
| Wash'gton, D.C. | 3,768,010 | 2,019,050 | 3,597,685 |
| Winston-Salem. | 112,693 | 105,070 | 97,474 |
| Total | $11,346,293 | $6,243,688 | $9,793,123 |

| East Central | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Akron | $177,147 | $215,555 | $202,200 |
| Bay City | 119,253 | 56,210 | 83,885 |
| Berwyn | 40,220 | 7,745 | 42,847 |
| Bluefield | 19,315 | 7,100 | 47,405 |
| Canton | 94,862 | 26,198 | 60,775 |
| Chicago | 2,199,655 | 1,294,990 | 2,021,131 |
| Cincinnati | 3,318,520 | 1,104,730 | 3,414,740 |
| Clarksburg | 54,610 | 4,284 | 53,996 |
| Cleveland | 952,225 | 326,700 | 752,500 |
| Columbus | 813,350 | 164,700 | 666,400 |
| Dayton | 195,231 | 89,611 | 176,350 |
| Detroit | 3,687,651 | 2,061,161 | 5,265,952 |
| East St. Louis. | 41,890 | 94,186 | 37,008 |
| Evanston | 421,800 | 52,750 | 167,100 |
| Evansville | 330,529 | 179,934 | 214,248 |
| Flint | 382,044 | 137,683 | 530,442 |
| Fort Wayne | 200,495 | 98,804 | 222,412 |
| Gary | 101,068 | 54,417 | 100,787 |
| Grand Rapids | 112,065 | 40,105 | 157,920 |
| Green Bay | 247,469 | 124,415 | 144,597 |
| Hammond | 165,910 | 721,129 | 264,043 |
| Huntington | 247,695 | 94,000 | 59,690 |
| Indianapolis | 625,925 | 274,239 | 576,468 |
| Lansing | 148,765 | 83,415 | 294,520 |
| Lima | 56,855 | 5,290 | 23,460 |
| Louisville | 500,650 | 422,552 | 212,793 |
| Madison | 201,325 | 159,220 | 208,995 |
| Milwaukee | 1,302,643 | 641,580 | 873,594 |
| Newark, Ohio. | 12,725 | 11,175 | 24,306 |
| Oak Park | 87,950 | 187,560 | 151,705 |
| Peoria | 163,864 | 44,071 | 343,989 |
| Pontiac | 229,670 | 302,030 | 77,555 |
| Quincy, Ill. | 27,415 | 12,550 | 9,470 |
| Racine | 66,587 | 8,063 | 67,534 |
| Rockford | 74,820 | 29,370 | 71,990 |
| Saginaw | 184,027 | 225,154 | 99,824 |
| South Bend | 115,605 | 93,390 | 110,795 |
| Springfield, Ill. | 37,773 | 38,260 | 101,930 |
| Springfield, O. | 37,340 | 44,470 | 87,620 |
| Superior | 19,006 | 15,681 | 41,901 |
| Terre Haute | 38,043 | 62,800 | 31,420 |
| Toledo | 340,555 | 85,175 | 104,892 |
| Waukegan | 39,610 | 35,170 | 63,022 |
| Wheeling | 140,780 | 43,192 | 105,378 |
| Youngstown | 345,440 | 91,464 | 200,105 |
| Zanesville | 13,815 | 17,065 | 10,710 |
| Total | $18,734,192 | $9,889,343 | $18,580,398 |

| South Central | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Abilene | $34,040 | $16,395 | $27,555 |
| Amarillo | 33,092 | 32,738 | 50,808 |
| Austin | 249,546 | 252,236 | 378,005 |
| Beaumont | 76,189 | 41,191 | 96,687 |
| Birmingham | 234,075 | 216,067 | 122,774 |
| Chattanooga | 149,180 | 104,290 | 242,786 |
| Dallas | 422,980 | 345,454 | 387,097 |
| El Paso | 101,385 | 22,187 | 144,291 |
| Fort Smith | 44,927 | 13,933 | 20,675 |
| Fort Worth | 761,596 | 222,100 | 1,455,052 |
| Galveston | 579,421 | 39,592 | 235,465 |
| Houston | 857,170 | 597,315 | 1,176,322 |
| Jackson | 137,767 | 92,700 | 164,855 |
| Knoxville | 442,110 | 57,483 | 532,368 |
| Little Rock | 60,229 | 45,386 | 117,080 |
| Memphis | 327,860 | 241,800 | 449,800 |
| Mobile | 78,014 | 35,225 | 50,592 |
| Montgomery | 107,575 | 465,671 | 622,735 |
| Muskogee | 5,010 | 2,060 | 8,870 |
| Nashville | 1,671,827 | 355,633 | 299,960 |
| New Orleans | 666,789 | 198,153 | 315,688 |
| Oklahoma City. | 1,300,422 | 263,010 | 418,605 |
| Port Arthur | 111,825 | 33,220 | 79,103 |
| San Angelo | 7,275 | 14,000 | 26,450 |
| San Antonio | 310,242 | 152,222 | 532,627 |
| Shreveport | 206,335 | 78,327 | 155,746 |
| Tulsa | 206,505 | 171,986 | 201,155 |
| Waco | 89,094 | 35,013 | 72,455 |
| Wichita Falls. | 25,185 | 38,715 | 113,180 |
| Total | $9,297,665 | $4,184,102 | $8,498,786 |

| West Central | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Cedar Rapids | $157,521 | $100,002 | $105,902 |
| Davenport | 86,527 | 45,646 | 74,023 |
| Des Moines | 252,989 | 303,965 | 222,185 |
| Dubuque | 35,045 | 17,708 | 19,715 |
| Duluth | 105,030 | 92,121 | 130,327 |
| Fargo | 26,350 | 41,409 | 30,664 |
| Kan. City, Kan. | 69,985 | 1,704,238 | 23,710 |
| Kan. City, Mo. | 407,100 | 609,400 | 320,900 |
| Lincoln | 124,687 | 259,262 | 131,031 |
| Minneapolis | 754,095 | 447,015 | 448,975 |
| Omaha | 323,100 | 137,352 | 218,555 |
| St. Joseph | 24,247 | 22,360 | 33,760 |
| St. Louis | 732,068 | 619,518 | 621,926 |
| St. Paul | 894,267 | 345,039 | 1,001,818 |
| Sioux City | 141,650 | 35,600 | 136,900 |
| Sioux Falls | 78,460 | 43,770 | 49,625 |
| Topeka | 83,655 | 116,700 | 108,670 |
| Wichita | 167,370 | 119,576 | 221,879 |
| Total | $4,464,146 | $5,060,681 | $3,900,565 |

| Mountain | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Billings * | $125,570 | $48,825 | $62,185 |
| Boise | 77,472 | 70,039 | 179,062 |
| Butte | 14,780 | 11,175 | 24,640 |
| Colorado Sp'gs. | 46,844 | 31,470 | 48,700 |
| Denver | 718,128 | 425,214 | 648,068 |
| Great Falls | 89,055 | 29,545 | 38,668 |
| Ogden | 39,049 | 129,565 | 43,256 |
| Phoenix | 151,281 | 120,559 | 216,327 |
| Pueblo | 23,583 | 10,294 | 37,830 |
| Salt Lake City. | 226,310 | 449,750 | 379,234 |
| Tucson | 314,074 | 420,232 | 156,443 |
| Total | $1,700,576 | $1,697,843 | $1,772,228 |

(*) Not included in totals.

| Pacific | July, 1936 | July, 1935 | June, 1936 |
|---|---|---|---|
| Bakersfield | $173,178 | $99,415 | $155,554 |
| Berkeley | 133,232 | 125,262 | 171,654 |
| Beverley Hills. | 334,500 | 115,420 | 336,300 |
| Fresno | 207,484 | 76,332 | 213,964 |
| Glendale | 466,175 | 202,586 | 362,639 |
| Long Beach | 531,745 | 585,648 | 565,255 |
| Los Angeles | 6,030,618 | 2,848,434 | 5,867,802 |
| Oakland | 652,588 | 1,348,924 | 1,916,863 |
| Pasadena | 224,516 | 248,240 | 821,321 |
| Portland Ore. | 546,850 | 226,030 | 479,495 |
| Sacramento | 458,791 | 135,739 | 392,545 |
| San Diego | 592,023 | 331,878 | 881,064 |
| San Francisco. | 2,573,209 | 613,819 | 1,279,602 |
| San Jose | 140,120 | 184,885 | 138,550 |
| Seattle | 552,455 | 167,045 | 566,920 |
| Spokane | 307,205 | 226,190 | 256,090 |
| Stockton | 112,560 | 72,164 | 124,775 |
| Tacoma | 133,701 | 56,170 | 123,727 |
| Total | $14,170,950 | $7,664,181 | $14,654,120 |
| Total U. S. | $95,281,845 | $54,191,787 | $112,640,106 |
| New York City | $20,745,393 | $11,213,613 | $40,011,404 |
| Outside NYC | $74,536,452 | $42,978,174 | $72,628,702 |

# STATISTICAL RECORD OF

## VISIBLE GRAIN SUPPLIES

Returns to DUN & BRADSTREET, INC., of available wheat stocks held on August 1, 1936, in the United States and Canada, leading ports of the United Kingdom and Europe, and the supply on passage for the United Kingdom, also the stocks of corn and oats held in the United States and Canada, with comparisons, are as follows, figures being in bushels:

| *Wheat* | *Aug. 1, 1936* | *Changes from Last Week* | *Aug. 3, 1935* |
|---|---|---|---|
| United States, east of Rocky Mountains | 72,783,000 | + 7,941,000 | 36,674,000 |
| United States, west of Rocky Mountains | 2,774,000 | + 1,106,000 | 2,365,000 |
| Canada | 116,409,000 | — 6,229,000 | 192,419,000 |
| Total, United States and Canada | 191,966,000 | + 2,818,000 | 231,458,000 |
| United Kingdom and Afloat (Broomhall) | 30,000,000 | Unchanged | 25,700,000 |
| Total, American, United Kingdom and Afloat | 221,966,000 | + 2,818,000 | 257,158,000 |
| Continent {Marseilles, Rotterdam & Amsterdam} (Broomhall) | 2,200,000 | — 300,000 | 2,000,000 |
| Total, American and European Supply | 224,166,000 | + 2,518,000 | 259,158,000 |
| *Corn*—United States and Canada | 4,908,000 | + 30,000 | 7,317,000 |
| *Oats*—United States and Canada | 46,704,000 | + 5,293,000 | 12,997,000 |

The combined aggregate wheat visible supply statistics, in bushels, follow. (Last three 000 omitted):

| *Week ending 1936* | *U. S. east of Rockies* | *U. S. Pacific Coast* | *Total U. S.* | *Canada* | *Total U. S. and Canada both Coasts* | *U. K. and Afloat (Broomhall)* | *Total American, U. K. and Afloat* | *Continent* | *Total America and Europe* |
|---|---|---|---|---|---|---|---|---|---|
| May 2 | 41,482 | 4,583 | 46,065 | 189,250 | 235,315 | 41,700 | 277,015 | 2,200 | 279,215 |
| May 9 | 38,377 | 4,282 | 42,659 | 176,336 | 218,995 | 44,600 | 263,595 | 2,200 | 265,795 |
| May 16 | 35,358 | 4,018 | 39,376 | 170,902 | 210,278 | 43,000 | 253,278 | 2,400 | 255,678 |
| May 23 | 33,328 | 3,893 | 37,221 | 165,005 | 202,226 | 43,600 | 245,826 | 2,900 | 248,726 |
| May 30 | 32,073 | 3,663 | 35,736 | 160,107 | 195,843 | 42,800 | 238,643 | 3,400 | 242,042 |
| June 6 | 29,892 | 3,440 | 43,332 | 152,148 | 185,480 | 47,000 | 232,480 | 3,000 | 235,480 |
| June 13 | 27,841 | 3,230 | 31,071 | 148,026 | 179,097 | 41,900 | 220,997 | 2,800 | 223,797 |
| June 20 | 26,661 | 3,026 | 29,687 | 144,879 | 174,556 | 40,200 | 214,766 | 2,400 | 217,166 |
| June 27 | 25,125 | 2,871 | 27,996 | 140,346 | 168,342 | 39,000 | 207,342 | 2,100 | 209,442 |
| July 4 | 27,958 | 2,637 | 30,595 | 137,039 | 167,634 | 36,600 | 204,234 | 2,100 | 206,334 |
| July 11 | 35,680 | 2,241 | 37,921 | 134,002 | 171,923 | 35,100 | 207,023 | 2,200 | 209,223 |
| July 18 | 50,021 | 1,987 | 52,008 | 129,309 | 181,317 | 32,900 | 214,217 | 2,200 | 216,417 |
| July 25 | 64,842 | 1,668 | 66,510 | 122,638 | 189,148 | 30,000 | 219,148 | 2,500 | 221,648 |
| Aug. 1 | 72,783 | 2,774 | 75,557 | 116,409 | 191,966 | 30,000 | 221,966 | 2,200 | 224,166 |

## Corn Exports

*(By telegraph to Dun & Bradstreet, Inc.)*

Corn exports in bushels from leading United States and Canadian ports compare as follows:

| *Week ending* | *1936* | *1935* | *1934* |
|---|---|---|---|
| May 2 | 1,000 | ...... | 5,000 |
| May 9 | ...... | ...... | 53,000 |
| May 16 | ...... | ...... | 3,000 |
| May 23 | ...... | 1,000 | 1,000 |
| May 30 | *77,000 | ...... | 2,000 |
| June 6 | 1,000 | ...... | 1,000 |
| June 13 | *30,000 | ...... | 2,000 |
| June 20 | *283,000 | ...... | 2,000 |
| June 27 | *157,000 | ...... | ...... |
| July 4 | ...... | ...... | ...... |
| July 11 | 1,000 | 1,000 | ...... |
| July 18 | ...... | ...... | ...... |
| July 25 | ...... | ...... | ...... |
| Aug. 1 | ...... | ...... | 1,000 |
| July 1 to date | 1,000 | 1,000 | 1,000 |

* Argentine corn.

## Wheat and Flour Exports

*(By telegraph to Dun & Bradstreet, Inc.)*

The quantity of wheat (including flour as wheat) exported from leading United States and Canadian ports for the week and season compare as follows, in bushels:

| *Week ending* | *1936* | *1935* | *1934* |
|---|---|---|---|
| May 2 | 5,930,682 | 1,748,176 | 4,037,897 |
| May 9 | 6,024,125 | 3,289,049 | 3,934,310 |
| May 16 | 5,076,581 | 3,802,886 | 6,214,939 |
| May 23 | 6,799,876 | 3,895,495 | 3,188,825 |
| May 30 | 5,680,764 | 3,878,583 | 3,319,231 |
| June 6 | 6,188,272 | 1,276,420 | 2,539,031 |
| June 13 | 5,704,336 | 1,183,644 | 3,611,730 |
| June 20 | 5,294,874 | 1,905,805 | 4,088,352 |
| June 27 | 4,284,721 | 3,149,125 | 3,917,913 |
| July 4 | 4,204,352 | 1,820,161 | 2,121,280 |
| July 11 | 3,760,220 | 2,022,880 | 3,312,925 |
| July 18 | 4,585,489 | 1,596,768 | 3,346,957 |
| July 25 | 3,627,886 | 2,564,594 | 3,100,955 |
| Aug. 1 | 4,940,198 | 2,547,974 | 3,161,307 |
| July 1 to date | 21,118,145 | 10,552,377 | 15,043,424 |

## Grain Movement

Receipts of flour and grain at twelve Western lake and river points for the week and season compare as follows (000 omitted):

| *Week* | *Flour, bbls.* | *Wheat, bus.* | *Corn, bus.* | *Oats, bus.* |
|---|---|---|---|---|
| Aug. 1, 1936 | 426 | 18,341 | 4,364 | 9,216 |
| July 25, 1936 | 403 | 23,832 | 4,953 | 6,333 |
| July 18, 1936 | 501 | 27,276 | 3,984 | 2,752 |
| July 11, 1936 | 419 | 28,535 | 4,779 | 1,712 |
| July 4, 1936 | 332 | 11,598 | 5,176 | 1,545 |
| Aug. 3, 1935 | 340 | 17,473 | 1,727 | 1,577 |

*Season, July 1, 1936, to August 1, 1936—*

| | | | |
|---|---|---|---|
| Flour, bbls. | 2,081 | Corn, bus. | 23,256 |
| Wheat, bus. | 109,582 | Oats, bus. | 21,558 |

*Season, July 1, 1935, to August 3, 1935—*

| | | | |
|---|---|---|---|
| Flour, bbls. | 1,748 | Corn, bus. | 9,206 |
| Wheat, bus. | 46,700 | Oats, bus. | 3,795 |

## Cereal Exports by Ports

*(By telegraph to Dun & Bradstreet, Inc.)*

Exports of cereals from leading ports in the United States and Canada for the week ending August 1, 1936, were as follows:

| *From* | *Flour, barrels* | *Wheat, bushels* | *Corn, bushels* |
|---|---|---|---|
| New York | 51,070 | 425,000 | ..... |
| Albany, N. Y. | ..... | 168,000 | ..... |
| Philadelphia | ..... | ..... | ..... |
| Baltimore | ..... | ..... | ..... |
| Boston | ..... | ..... | ..... |
| Norfolk | ..... | ..... | ..... |
| New Orleans | 3,000 | ..... | ..... |
| Galveston | ..... | ..... | ..... |
| Total, Atlantic | 54,070 | 593,000 | ..... |
| Previous week | 59,330 | 280,000 | ..... |
| San Francisco | 1,500 | ..... | ..... |
| Portland, Ore. | 3,760 | ..... | ..... |
| Puget Sound | 1,910 | ..... | ..... |
| Total, Pacific | 7,170 | ..... | ..... |
| Previous week | 715 | ..... | ..... |
| Total, U. S. | 61,240 | 593,000 | ..... |
| Previous week | 60,045 | 280,000 | ..... |
| Montreal | 52,000 | 1,474,000 | ..... |
| Sorel | ..... | 573,000 | ..... |
| Vancouver | *143,793 | 1,011,384 | ..... |
| New Westminster | *7,370 | ..... | ..... |
| Quebec | ..... | 99,000 | ..... |
| Total, Canada | 203,163 | 3,157,384 | ..... |
| Previous week | 61,000 | 2,803,183 | ..... |
| Grand total | 264,403 | 3,750,384 | ..... |
| Previous week | 121,045 | 3,083,183 | ..... |

* Flour exports for months of May and June.

## U. S. Grain East of Rocky Mountains

Stocks of grain available in the United States August 1, 1936, in bushels, were as follows, with comparisons:

(Last three 000 omitted)

| | *Wheat* | *Corn* | *Oats* | *Barley* |
|---|---|---|---|---|
| Minneapolis | 5,142 | 47 | 14,495 | 3,807 |
| Duluth | 2,635 | 85 | 6,507 | 988 |
| Sioux City, Iowa | 632 | 29 | 241 | 31 |
| Milwaukee | 737 | 39 | 386 | 416 |
| Omaha and Council Bluffs | 5,745 | 293 | 4,111 | 117 |
| Hutchinson | 5,416 | .... | .... | .... |
| Lincoln, Neb. | 460 | 30 | .... | .... |
| Wichita | 1,675 | .... | 12 | .... |
| Kansas City | 18,037 | 311 | 1,854 | 87 |
| St. Joseph | 1,960 | 115 | 243 | 6 |
| Chicago | 8,448 | 1,327 | 8,389 | 840 |
| Peoria | 108 | 9 | 10 | .... |
| Indianapolis | 1,808 | 463 | 405 | .... |
| St. Louis | 4,438 | 290 | 945 | 150 |
| Louisville | 2,218 | 40 | 42 | 2 |
| Chattanooga | 160 | 20 | .... | .... |
| Nashville | 163 | 97 | 148 | .... |
| New Orleans | 4 | 57 | 59 | 1 |
| Galveston | 400 | .... | .... | .... |
| Fort Worth, Tex. | 3,182 | 141 | 215 | 23 |
| Dallas, Tex. | 636 | .... | .... | .... |
| On Lakes | 875 | 348 | .... | 130 |
| On Canal | .... | 96 | 25 | .... |
| Detroit | 170 | 7 | 10 | 65 |
| Erie, Pa. | .... | .... | .... | .... |
| Cleveland | 95 | .... | .... | .... |
| Mansfield | 340 | 10 | 160 | .... |
| Dayton | 20 | 13 | 8 | 3 |
| Cincinnati | 1,002 | 13 | 36 | .... |
| Buffalo | 3,353 | 530 | 597 | 282 |
| Afloat | 998 | 256 | .... | 67 |
| Boston | .... | .... | 5 | .... |
| Providence, R. I. | 2 | 13 | 13 | 1 |
| New York | 49 | 105 | 246 | .... |
| Afloat | .... | 103 | 38 | .... |
| Philadelphia | 549 | 8 | 36 | .... |
| Baltimore | 1,019 | 5 | 17 | 1 |
| Newport News | .... | .... | .... | .... |
| Norfolk | 307 | 8 | .... | .... |
| Aug. 1, 1936 | 72,783 | 4,908 | 39,253 | 7,017 |
| July 25, 1936 | 64,842 | 4,878 | 34,056 | 6,874 |
| Aug. 3, 1935 | 36,674 | 7,317 | 7,075 | 3,681 |

## Canadian Grain Stocks

The available grain stocks in Canada August 1, 1936, follow, with comparisons:

(Last three 000 omitted)

| | *Wheat* | *Corn* | *Oats* | *Barley* |
|---|---|---|---|---|
| Montreal | 7,720 | .... | 483 | 308 |
| Churchill | 2,479 | .... | .... | .... |
| Country Elevators | 30,827 | .... | 2,669 | 1,513 |
| Int. Term. Elevators | 597 | .... | 497 | 62 |
| Int. Private & Mfg. Elevators | 5,653 | .... | 1,217 | 1,386 |
| Ft. William and Pt. Arthur | 25,524 | .... | 1,613 | 1,268 |
| Canadian Afloat | .... | .... | .... | .... |
| Victoria | .... | .... | .... | .... |
| Vancouver | 7,956 | .... | 297 | 19 |
| Prince Rupert | 1,028 | .... | .... | .... |
| Bonded grain in the United States | 20,644 | .... | 31 | 389 |
| Other Canadian | 13,981 | .... | 644 | 211 |
| Aug. 1, 1936 | 116,409 | .... | 7,451 | 5,156 |
| July 25, 1936 | 122,638 | .... | 7,355 | 4,947 |
| Aug. 3, 1935 | 192,419 | .... | 5,922 | 3,699 |

The Montreal, Fort William and Port Arthur and bonded grain totals are furnished by the New York Produce Exchange and Chicago Board of Trade. The other Canadian totals are telegraphed to DUN & BRADSTREET, INC., by the Agricultural Branch of the Dominion Bureau of Statistics of Ottawa.

## Pacific Coast Wheat Stocks

| | *Aug. 1, 1936* | *July 25, 1936* |
|---|---|---|
| Portland, Ore. | 1,252,000 | 1,087,000 |
| Tacoma, Wash. | 697,000 | 359,000 |
| Seattle, Wash. | 825,000 | 222,000 |
| Total | 2,774,000 | 1,668,000 |

# COMMERCE AND FINANCE

## FINANCIAL STATISTICS

| | July, 1936 | July, 1935 | Ch'ge P. Ct. | June, 1936 | Ch'ge P. Ct. |
|---|---|---|---|---|---|
| Bank clearings, N. Y. City ($)* | 15,448,306 | 16,271,458— | 5.1 | 17,325,434— | 10.8 |
| Bank debits, N. Y. City ($)* | 16,199,223 | 16,736,780— | 3.2 | 18,622,539— | 13.0 |
| Bank debits, U. S. ($)* | 34,815,728 | 33,287,132+ | 4.6 | 37,504,658— | 7.2 |
| Bond sales, Munic. ($) | 41,643,802 | 94,330,218— | 55.9 | 111,264,575— | 62.6 |
| Bond sales, N. Y. Curb Exchange ($) | 61,463,000 | 101,676,000— | 39.6 | 58,635,000+ | 4.8 |
| Bond sales, N. Y. Stock Exchange ($) | 281,873,100 | 233,990,900+ | 20.5 | 221,879,500+ | 27.0 |
| Corporate issues ‡ ($) | 483,874,809 | 451,011,000+ | 7.3 | 547,615,616— | 11.6 |
| Failures, number † | 639 | 902— | 29.2 | 773— | 17.3 |
| Failures, liabilities † ($) | 9,903,999 | 16,523,000— | 40.1 | 9,176,783+ | 7.9 |
| Stock sales, N. Y. Curb Exchange (shares) | 8,456,398 | 4,959,993+ | 70.5 | 5,276,230+ | 60.3 |
| Stock sales, N. Y. Stock Exchange (shares) | 34,786,729 | 29,429,387+ | 18.2 | 21,428,377+ | 62.3 |
| | *June, 1936* | *June, 1935* | *Ch'ge P. Ct.* | *May, 1936* | *Ch'ge P. Ct.* |
| Automobile financing, retail ($) | 186,524,880 | 106,174,481+ | 75.7 | 176,315,532+ | 5.8 |
| Auto. financing, wholesale ($) | 174,739,190 | 118,731,748+ | 47.2 | 180,665,416— | 3.3 |
| Fire losses ($) | 20,407,485 | 18,499,675+ | 10.3 | 21,479,380— | 5.0 |
| Foreign Trade, U. S. Mdse. Exports ($) | 185,188,000 | 170,244,000+ | 8.8 | 200,666,000— | 7.7 |
| Foreign Trade, U. S. Mdse. Imports ($) | 192,255,000 | 156,754,000+ | 22.6 | 191,218,000+ | 0.5 |
| Life insurance, sales, ($) | 774,123,000 | 697,471,000+ | 11.0 | 753,410,000+ | 2.7 |
| Ry. earnings, gross ($) | 330,691,513 | 281,328,058+ | 17.5 | 320,966,498+ | 3.0 |
| Ry. earnings net oper. income ($) | 50,312,580 | 34,102,703+ | 47.5 | 41,842,147+ | 20.2 |

* Three cyphers omitted. † Dun & Bradstreet, Inc. ‡ Journal of Commerce.

## PRODUCTION

| | July, 1936 | July, 1935 | Ch'ge P. Ct. | June, 1936 | Ch'ge P. Ct. |
|---|---|---|---|---|---|
| Building† (215 cities) ($) | 95,281,845 | 54,191,787+ | 75.8 | 112,640,106— | 15.4 |
| Building† (120 cities) ($) | 78,771,000 | 43,388,000+ | 81.6 | 95,662,000— | 17.7 |
| Coal, anthracite (tons) | 4,127,000 | 3,536,000+ | 16.7 | 3,948,000+ | 4.5 |
| Coal, bituminous (tons) | 32,113,000 | 22,339,000+ | 43.8 | 29,300,000+ | 9.6 |
| Pig iron (tons) | 2,594,268 | 1,520,263+ | 70.6 | 2,586,240+ | 0.3 |
| Steel ingot (tons) | 3,922,731 | 2,267,827+ | 73.0 | 3,984,845— | 1.6 |
| Zinc (tons) | 45,553 | 35,120+ | 29.7 | 44,947+ | 1.3 |
| | *June, 1936* | *June, 1935* | *Ch'ge P. Ct.* | *May, 1936* | *Ch'ge P. Ct* |
| Automobile (cars and trucks) | 454,487 | 356,340+ | 27.5 | 460,565— | 1.3 |
| Boots and shoes (pairs) | 28,718,594 | 27,233,512+ | 5.5 | 29,806,612— | 3.7 |
| Babbitt metal (lbs.) | 2,374,393 | 1,815,286+ | 30.8 | 2,312,436+ | 2.7 |
| Cement (bbls.) | 11,273,000 | 8,725,000+ | 29.2 | 10,985,000+ | 2.6 |
| Coke (tons) | 3,785,511 | 2,660,113+ | 42.3 | 3,837,323— | 1.3 |
| Const. contr. awarded (37 States) †† ($) | 233,054,600 | 148,005,200+ | 57.5 | 216,070,700+ | 7.9 |
| Cotton mill spin. hours* | 7,319,892 | 5,083,383+ | 44.0 | 6,893,604+ | 6.2 |
| Electricity, k. w. h.* | 9,091,000 | 7,875,000+ | 15.4 | 9,086,000— | 0.1 |
| Gasoline (bbls.) | 41,612,000 | 38,180,000+ | 9.0 | 41,951,000— | 0.8 |
| Glass, pl. pol. (sq. ft.) | 16,243,665 | 13,162,515+ | 23.4 | 19,192,114— | 15.4 |
| Gold (Rand) (ozs.) | 944,165 | 889,026+ | 6.2 | 938,050+ | 0.7 |
| Lead, refined (tons) | 38,818 | 33,002+ | 17.6 | 41,551— | 6.6 |
| Malleable castings (tons) | 43,766 | 27,548+ | 58.9 | 45,027— | 2.8 |
| Newsprint, U. S. & Canada (tons) | 349,881 | 309,030+ | 13.2 | 342,786+ | 2.1 |
| Paperboard (tons) | 279,390 | 256,665+ | 8.9 | 289,527— | 3.5 |
| Petroleum, crude (bbls.) | 90,185,000 | 82,338,000+ | 9.5 | 93,739,000— | 3.8 |
| Pneumatic casings | 5,609,789 | 3,909,832+ | 43.5 | 4,970,993+ | 12.9 |
| Range boilers (no.) | 74,242 | 88,486— | 16.1 | 60,352+ | 23.0 |
| Steel barrels | 700,667 | 504,930+ | 38.8 | 715,933— | 2.1 |
| Steel castings, commercial (tons) | 70,323 | 27,665+ | 154.2 | 64,246+ | 9.5 |
| Steel sheets (short tons) | 210,448 | 143,309+ | 46.8 | 224,056— | 6.1 |
| Sulphuric acid (tons) | 122,681 | 99,176+ | 23.7 | 126,419— | 3.0 |
| Tobacco and products | | | | | |
| Cigarettes, small* | 14,008,714 | 12,119,688+ | 15.6 | 12,024,857+ | 16.5 |
| Cigars, large | 452,311,740 | 402,272,246+ | 12.4 | 419,369,234+ | 7.9 |
| Tobacco and snuff (lbs.) | 29,474,016 | 27,879,210+ | 5.7 | 28,100,281+ | 4.9 |

* Three cyphers omitted. † Dun & Bradstreet, Inc. †† F. W. Dodge Corp.

## SHIPMENTS AND CONSUMPTION

| | July, 1936 | July, 1935 | Ch'ge P. Ct. | June, 1936 | Ch'ge P. Ct. |
|---|---|---|---|---|---|
| Silk consumption (bales) | 36,658 | 44,166— | 17.0 | 31,437+ | 16.6 |
| Steel shipments (tons) | 950,851 | 547,794+ | 73.6 | 886,065+ | 7.3 |
| Tin, deliveries U. S. (long tons) | 7,120 | 5,290+ | 34.6 | 7,795— | 8.7 |
| Zinc, shipments (tons) | 41,891 | 32,306+ | 29.7 | 41,654+ | 0.6 |
| | *June, 1936* | *June, 1935* | *Ch'ge P. Ct.* | *May, 1936* | *Ch'ge P. Ct.* |
| Anthracite, ship. (tons) | 3,515,878 | 4,878,738— | 27.9 | 4,274,185— | 17.7 |
| Babbitt met., sales (lbs.) | 1,879,240 | 1,213,854+ | 54.9 | 1,892,773— | 0.7 |
| Carloading (cars) | 3,046,800 | 2,582,500+ | 18.0 | 2,904,300+ | 4.9 |
| Cement, ship. (bbls.) | 12,417,000 | 7,632,000+ | 62.7 | 11,121,000+ | 11.7 |
| Coal, anth. and bit., ind. cons. (tons) | 25,692,000 | 21,047,000+ | 22.1 | 26,147,000— | 1.7 |
| Cotton cons. (bales) | 556,323 | 383,982+ | 44.9 | 530,799+ | 4.8 |
| Gasoline cons. (bbls.) | 44,630,000 | 37,884,000+ | 17.8 | 42,007,000+ | 6.2 |
| Lead, refined (tons) | 37,736 | 26,978+ | 39.9 | 33,125+ | 13.9 |
| Malleable castings (tons) | 46,489 | 31,905+ | 45.7 | 48,854— | 4.8 |

## SHIPMENTS AND CONSUMPTION (Continued)

| | June, 1936 | June, 1935 | Ch'ge P. Ct. | May, 1936 | Ch'ge P. Ct. |
|---|---|---|---|---|---|
| Newsprint, U. S. & Canada (tons) | 337,669 | 305,190+ | 10.6 | 364,155— | 7.3 |
| Oil-burners (no.) | 14,449 | 10,044+ | 43.9 | 12,204+ | 18.4 |
| Paints & var., sales ($) | 38,664,104 | 32,325,512+ | 19.6 | 40,989,663— | 5.7 |
| Petroleum, crude, runs-to-stills (bbls.) | 89,003,000 | 81,724,000+ | 8.9 | 90,637,000— | 1.8 |
| Pneumatic casings | 5,792,319 | 4,262,360+ | 35.9 | 5,831,964— | 0.7 |
| Range boilers (no.) | 72,921 | 85,413— | 14.6 | 61,194+ | 19.2 |
| Rubber, cr., cons. (tons) | 52,636 | 36,156+ | 45.6 | 50,482+ | 4.3 |
| Steel barrels | 702,132 | 501,730+ | 39.9 | 721,021— | 2.6 |
| Steel sheets, ship. (short tons) | 203,853 | 160,812+ | 26.8 | 210,127— | 3.0 |
| Sulph. acid, cons. (tons) | 95,168 | 75,690+ | 25.7 | 82,396+ | 15.5 |
| Waste paper (consump.). (tons) | 234,315 | 213,523+ | 9.7 | 241,895— | 3.1 |
| Wool consump., scoured basis (lbs.) | 29,600,000 | 33,500,060— | 11.6 | 26,600,000+ | 11.3 |

## STOCKS ON HAND AT END OF MONTH

| | July, 1936 | July, 1935 | Ch'ge P. Ct. | June, 1936 | Ch'ge P. Ct. |
|---|---|---|---|---|---|
| Silk, raw (bales) | 30,139 | 32,654— | 7.7 | 35,409— | 14.9 |
| Tin, world's visible supply (long tons) | 13,795 | 13,162+ | 4.8 | 14,260— | 3.3 |
| Zinc (tons) | 88,665 | 115,723— | 23.4 | 85,003+ | 4.3 |
| | *June, 1936* | *June, 1935* | *Ch'ge P. Ct.* | *May, 1936* | *Ch'ge P. Ct.* |
| Cement (bbls.) | 19,287,000 | 23,083,000— | 16.4 | 20,431,000— | 5.6 |
| Coal, anth. and bit., ind. stocks (tons) | 27,283,000 | 39,853,000— | 31.5 | 26,571,000+ | 2.7 |
| Coke, by-product (tons) | 1,701,790 | 2,786,578— | 38.9 | 1,695,418+ | 0.4 |
| Cotton, ex. lint. (bales) | | | | | |
| In mfg. plants | 987,112 | 884,600+ | 11.6 | 1,090,077— | 9.4 |
| In warehouses | 4,525,711 | 6,068,852— | 25.4 | 5,237,082— | 13.6 |
| Gasoline at ref. (bbls.) | 39,050,000 | 32,499,000+ | 20.2 | 42,527,000— | 8.2 |
| Lead, refined (tons) | 230,481 | 231,077— | 0.3 | 229,409+ | 0.5 |
| Newsprint, U. S. & Canada (tons) | 94,226 | 74,178+ | 27.0 | 82,146+ | 14.7 |
| Oil-burners (no.) | 19,221 | 14,114+ | 36.2 | 18,794+ | 2.3 |
| Petroleum, crude, excl. Calif. (bbls.) | 265,554,000 | 294,314,000— | 9.8 | 268,650,000— | 1.2 |
| Porcelain plumbing fixtures (pieces) | 9,270 | 10,600— | 12.5 | 9,683— | 4.3 |
| Pneumatic casings | 7,832,911 | 10,755,400— | 27.2 | 8,176,296— | 4.2 |
| Range Boilers (no.) | 38,161 | 32,201+ | 18.5 | 44,715— | 14.7 |
| Rubber, on hand & afloat to U. S. (long tons) | 293,114 | 379,799— | 22.8 | 297,177— | 1.4 |
| Steel barrels | 23,102 | 33,470— | 31.0 | 24,567— | 6.0 |
| Steel sheets (sh. tons) | 136,605 | 126,531+ | 8.0 | 138,510— | 1.4 |
| Sulphuric acid (tons) | 77,207 | 97,901— | 21.1 | 75,208+ | 2.7 |
| Waste paper (tons) | 218,330 | 230,365— | 5.2 | 213,435+ | 2.3 |

## GOVERNMENT STATISTICS

| | June 30, 1936 | June 30, 1935 | May 31, 1936 |
|---|---|---|---|
| Money in circul., U. S. ($) | 6,241,204,903 | 5,567,092,519 | 5,952,598,759 |
| Population | 127,919,000 | 127,172,000 | 127,857,000 |
| Per capita ($) | 48.79 | 43.78 | 46.56 |
| Gen. stock money, U. S. ($) | 17,402,497,707 | 15,113,034,715 | 16,940,913,644 |
| | *July 31, 1936* | *July 31, 1935* | *June 30, 1936* |
| Debt, gross, U. S. ($) | 33,443,795,238 | 29,119,769,527 | 33,778,543,494 |
| United States: | *July, 1936* | *July, 1935* | *June, 1936* |
| Receipts, ordinary ($) | 293,886,770 | 278,908,944 | 529,215,153 |
| Expenditures, ord. ($) | 335,206,458 | 380,149,350 | 2,091,589,340 |
| Expenditures, emerg. ($) | 81,902,185 | 347,385,728 | 255,515,022 |

## MONTHLY INDEX NUMBERS

### EMPLOYMENT—PAY ROLLS—PRODUCTION

(1923-1925 = 100)

| | June, 1936 | May, 1936 | Apr., 1936 | June, 1935 |
|---|---|---|---|---|
| Employment (Factory) (BLS) | 86.0 | 85.7 | 85.1 | 79.7 |
| Pay Rolls (Factory) (BLS) | 79.5 | 79.3 | 77.9 | 66.4 |
| Production, Ind. (FRB) adj. | 103.0 | 101.0 | 100.0 | 86.0 |

### PRICE INDEX NUMBERS (WHOLESALE)

| | Base Year | Aug. 1, 1936 | July 1, 1936 | June 1, 1936 | Same month 1935 |
|---|---|---|---|---|---|
| DUN'S | .... | $181.878 | $178.240 | $172.136 | $171.511 |
| BRADSTREET'S | .... | $10.1445 | $9.8538 | $9.7374 | $9.9185 |
| U. S. Bureau of Labor ‡ | 1926 | ..... | 79.2 | 78.6 | 79.8 |
| Annalist ‡ | 1913 | 125.6 | 121.4 | 120.4 | 123.6 |
| Canada (Dom. Bureau) ‡ | 1926 | 74.2 | 72.3 | 71.8 | 71.5 |
| | | *June, 1936* | *May, 1936* | *Apr., 1936* | *Same month 1935* |
| U. K. (Board of Trade) | 1930 | 92.6 | 91.9 | 91.9 | 88.4 |
| U. K. (Economist) | 1913 | 96.6 | 96.0 | 97.4 | 93.7 |
| U. K. (Statist) | 1913 | 99.3 | 100.2 | 100.9 | 98.5 |
| France (Stat. Gen.) | 1913 | 378 | 374 | 370 | 330 |
| Germany (Official) | 1913 | ... | 103.9 | 103.9 | 100.8 |
| Belgium | 1914 | 570 | 569 | 574 | 555 |
| Denmark (Official) | 1913 | 138 | 139 | 139 | 130 |
| Norway | 1913 | 132 | 132 | 132 | 126 |
| Sweden | 1913 | 118 | 118 | 118 | 116 |
| Holland | 1929 | 61.8 | 61.2 | 61.3 | 61.1 |
| Japan (Oriental Economist) | 1913 | 181.5 | 178.7 | 179.3 | 166.5 |
| China (Shanghai) | 1926 | 106.2 | 106.0 | 107.3 | 95.0 |

‡ Average over previous month.

# LARGEST BANK CLEARINGS FOR ANY JULY SINCE 1931

BANK clearings for July reached the fourth highest place so far this year, having been exceeded by those of January, March and June. Totalling $24,918,000,000, the current figure was the highest for the month of July since 1931. When compared with the $26,148,000,000 in June, a drop of 4.7 per cent was shown, but an increase of 2.6 appeared in comparison with the $24,291,000,000 reported for July, 1935.

An indication of improved business conditions was reflected in the settlements for the past seven months. For each month, with the exception of May, bank clearings topped all other years back to 1931. The usual peak month, January, was surpassed by the March and June figures by 5.2 and 3.4 per cent, respectively. This was due, in part, to the heavier quarterly and half-yearly payments.

### New York Off

A percentage loss of 5.1 at New York City prevented a better showing in the aggregate. The total

**Daily Average Bank Clearings**

*(000 omitted)*

| | 1936 | 1935 | P. Ct. Change |
|---|---|---|---|
| July | $958,385 | $934,269 | + 2.6 |
| June | 1,005,692 | 895,680 | +12.3 |
| May | 898,917 | 888,558 | + 1.2 |
| April | 950,423 | 877,269 | + 8.3 |
| March | 1,023,446 | 936,678 | + 9.3 |
| February | 959,348 | 868,545 | +10.1 |
| January | 972,770 | 907,278 | + 7.2 |
| | 1935 | 1934 | |
| December | $962,866 | $869,271 | +10.8 |
| November | 962,672 | 739,907 | +25.2 |
| October | 925,833 | 747,546 | +23 8 |

was $15,448,000,000, against $16,271,000,000 in July, 1935.

This table shows monthly bank clearings for 1936 and 1935, together with the percentage charge:

**Monthly Bank Clearings**

*(000,000 omitted)*

| | 1936 | 1935 | Per Cent Change |
|---|---|---|---|
| July | $24,918 | $24,291 | + 2.6 |
| June | 26,148 | 22,392 | +16.8 |
| May | 22,473 | 23,103 | — 2.7 |
| April | 24,711 | 22,809 | + 8.3 |
| March | 26,610 | 24.354 | + 9.3 |
| February | 22,065 | 19,108 | +15.5 |
| January | 25,292 | 23,590 | + 7.2 |
| Total | $172,217 | $159,647 | + 7.9 |

Stock transactions totalled 34,786,729 shares in July, as compared with 29,429,387 in July of last year. In June these sales were 21,428,000. Bond sales also were up for the month and amounted to $281,873,100, contrasted with $233,990,900 for the 1935 comparative, while for June the total was $221,879,000.

For July this year, increases over the figures for the year preceding occurred at all cities outside of New York. This also was true of the July, 1935, amounts compared with those of July, 1934. The largest gain in the July, 1936, figures was exhibited at Pittsburgh, where the total rose 39.7 per cent. St. Louis, for which city the gain amounted to 37.5 per cent, was not far behind, and next in line were Detroit, with an advance of 34.3 per cent, and New Orleans, where the percentage increase was 31.1.

Of the three Pacific Coast cities, Seattle again was in the lead, as regards percentage of gain over the year preceding. The increase there amounted to 22.1 per cent. Last month, the gain for that city over the 1935 comparative was 19.2 per cent.

**JULY BANK CLEARINGS, 1931 TO 1936**

*(000,000 omitted)*

| | July, 1936 | Per Cent* | July, 1935 | Per Cent* | July, 1934 | Per Cent* | July, 1933 | Per Cent* | July, 1932 | Per Cent* | July, 1931 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Boston | $1,046 | + 6.8 | $979 | +18.1 | $829 | −12.8 | $951 | +20.7 | $788 | −54.5 | $1,731 |
| Philadelphia | 1,767 | + 9.7 | 1,611 | +25.7 | 1,282 | +16.3 | 1,102 | — 3.9 | 1,147 | −35.5 | 1,779 |
| Buffalo | 148 | +17.5 | 126 | + 6.8 | 118 | + 3.5 | 114 | + 7.5 | 106 | −38.7 | 173 |
| Pittsburgh | 633 | +39.7 | 453 | +12.4 | 403 | +11.6 | 361 | + 9.4 | 330 | −41.9 | 568 |
| Cleveland | 385 | +29.6 | 297 | +12.1 | 265 | + 6.9 | 248 | −13.6 | 287 | −38.1 | 464 |
| Cincinnati | 254 | +21.0 | 210 | +18.6 | 177 | — 1.1 | 179 | — 1.1 | 181 | −29.3 | 256 |
| Baltimore | 297 | +14.2 | 260 | +11.1 | 234 | +33.7 | 175 | −25.8 | 236 | −31.2 | 343 |
| Richmond | 155 | +15.7 | 134 | +14.5 | 117 | +14.7 | 102 | + 1.0 | 101 | −30.3 | 145 |
| Atlanta | 212 | +27.7 | 166 | +10.7 | 150 | +17.2 | 128 | +19.6 | 107 | −29.1 | 151 |
| New Orleans | 139 | +31.1 | 106 | +14.0 | 93 | + 9.4 | 85 | −13.3 | 98 | −40.2 | 164 |
| Chicago | 1,347 | +19.7 | 1,125 | +17.2 | 960 | — 5.7 | 1,018 | +27.4 | 799 | −49.3 | 1,577 |
| Detroit | 478 | +34.3 | 356 | +21.1 | 294 | +45.5 | 202 | −22.6 | 261 | −49.4 | 516 |
| St. Louis | 400 | +21.2 | 330 | +10.4 | 299 | + 6.4 | 281 | +22.7 | 229 | −39.6 | 379 |
| Louisville | 143 | +37.5 | 104 | + 8.3 | 96 | +15.7 | 83 | +16.9 | 71 | −25.3 | 95 |
| Minneapolis | 317 | +15.7 | 274 | +20.7 | 227 | −18.9 | 280 | +30.8 | 214 | −21.9 | 274 |
| Kansas City | 497 | +23.9 | 401 | +14.2 | 351 | +16.2 | 302 | + 8.2 | 279 | −30.4 | 401 |
| Omaha | 154 | +21.3 | 127 | + 7.6 | 118 | +22.9 | 96 | + 6.7 | 90 | −39.2 | 148 |
| Dallas | 195 | +24.2 | 157 | +16.3 | 135 | +22.7 | 110 | +12.2 | 98 | −31.0 | 142 |
| San Francisco | 627 | +10.4 | 568 | +27.6 | 445 | + 3.0 | 432 | + 7.5 | 402 | −35.3 | 621 |
| Portland, Ore. | 127 | +11.4 | 114 | +34.1 | 85 | +10.4 | 77 | +10.0 | 70 | −42.1 | 121 |
| Seattle | 149 | +22.1 | 122 | +28.4 | 95 | + 8.0 | 88 | — 7.4 | 95 | −32.1 | 140 |
| Total | $9,470 | +18.1 | $8,020 | +18.4 | $6,773 | + 5.6 | $6,414 | + 7.1 | $5,989 | −41.2 | $10,188 |
| New York | 15,448 | — 5.1 | 16,271 | +24.7 | 13,048 | −18.8 | 16,062 | +37.6 | 11,675 | −46.8 | 21,926 |
| Total All | $24,918 | + 2.6 | $24,291 | +22.6 | $19,821 | −11.8 | $22,476 | +27.2 | $17,664 | −45.0 | $32,114 |

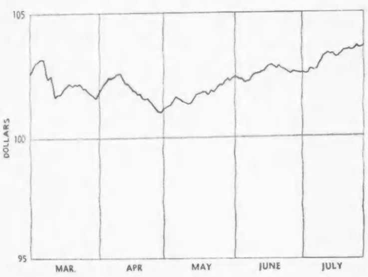
(*) Percentage change from year preceding.

# HEAVIEST JULY STOCK TRADING SINCE 1933

by GEORGE RAMBLES

NOTWITHSTANDING mild unsettlement in the stock market at the beginning and end of July, prices of equities moved materially higher for that month, owing to a sustained advance in the mid-month period. The market was fairly active throughout, with investment interest in dividend-paying issues plainly on the increase. The trend of trade and industry remained encouraging and contributed to the good results.

BOND PRICES *




(*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal."
*Market value of bond issues on August 1 advanced to $1,685,172,818, raising the average of all listed bonds to $94.78 from $92.24 on July 1.*

Not all of the indications were favorable, but the stock market was in a mood to emphasize the more constructive elements in the situation. The drought in the West assumed ever more threatening proportions and leading grain crops will be curtailed sharply. But this is an unmixed evil only to the farmers directly affected, as commodity levels soared and promise a good return to agriculture on the whole.

The unsettlement in the market at the start of July was occasioned largely by the drought, but also in good part by apprehensions of widespread labor troubles. A sustained advance followed in the period beginning July 8 and ending July 22. This movement was pronounced and all groups of issues shared in the rise. Rains in the drought area were considered hopeful for a time and increased the interest in equities.

Trade and industrial reports assumed a rosy tinge. The metals group of stocks advanced sharply on an increase in the price of copper. High-priced specialties that appeared to promise increased dividend returns were bid up steadily. These movements were modified slightly on July 15, when the announcement of increased reserve requirements was made, but that uncertainty was only momentary.

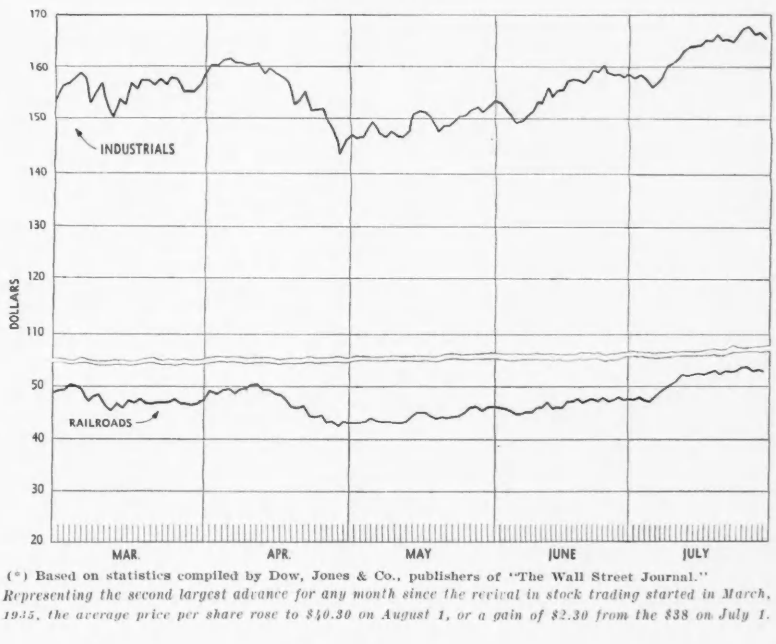
In the protracted advance of mid-July, average levels of stocks were carried to the best figures witnessed in recent years. This means, of course, that the figures also were the best of the boom which started in March, 1935, and which has continued with few interruptions.

Movements of stocks finally became more erratic toward the end of the month. Profit-taking made its appearance, but was absorbed without too much trouble. The civil war in Spain also caused some nervousness. But such movements modified the previous gains only a little, and the month closed with material gains in all prominent groups of issues.

In the listed bond market, movements of issues with a speculative tinge were decidedly upward throughout July. Secondary railroad bonds were favored particularly, but industrial and utility issues that are quoted well under par value also advanced.

Turnover of stocks on the New York Stock Exchange was 34,786,000 shares during July, against 21,428,000 in June and 29,429,000 in July, 1935. In the listed bond market transactions totalled $281,873,000 in July, against $233,991,000 in the same month of last year.

STOCK PRICES *




(*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal."
*Representing the second largest advance for any month since the revival in stock trading started in March, 1935, the average price per share rose to $40.30 on August 1, or a gain of $2.30 from the $38 on July 1.*

# INTERNATIONAL MONEY MARKETS

INTEREST in the monetary prospects of the world remained keen in all markets during July, with attention deflected somewhat from Europe to the United States, owing to the announcement by the Board of Governors of the Federal Reserve System on July 14 that reserve requirements of member banks would be raised 50 per cent on August 15. This step is the outcome of a long debate regarding the hazards of credit inflation implied in the existence of an excess reserve total that touched $3,310,000,000 last December and only has been kept below that level in subsequent months by Treasury intervention.

Before the depression started, excess reserves of member banks over legal requirements were not permitted to exceed $500,000,000 to $600,000,000, and such levels were regarded as danger signals. But member bank reserve deposits increased sharply and almost continually, because of devaluation of the dollar and the vast influx of gold from almost all countries of the world that ensued. Congress recognized the dangers of credit inflation by providing authority for increases of reserve requirements by a maximum of 100 per cent in the banking act passed last year. It was under that authority that the Board acted on July 14.

The actual changes in reserve requirements are to 19½ from 13 per cent on demand deposits in central reserve cities, to 15 from 10 per cent on demand deposits in reserve cities, to 10½ from 7 per cent on demand deposits in country banks, and to 4½ from 3 per cent on time deposits in all banks. These changes, the Board emphasized, will not constitute a change in the easy money policy pursued since the start of the depression.

### Foreign Exchange Quiet

At the time the change was announced, excess reserves actually were $2,920,000,000, but it was estimated that they would increase by August 15 to $3,500,000,000. The increase of requirements then will reduce the total to $1,900,000,000, the Board declared, and at that level they will be within the scope of control through open market operations. Holdings of United States Government securities by the Federal Reserve Banks now are $2,430,000,000, it was noted, and disposition of such holdings could reduce the total of excess reserves dollar for dollar.

It was made plain by the Board that no intention exists of changing reserve requirements frequently. The Federal Reserve system, it was indicated, should continue to rely rather upon traditional methods of credit control through discount policy and open market operations, than upon frequent variations of reserve requirements.

Some bankers long have advocated the step now taken by the Board, and in such circles a good deal of satisfaction was voiced over the new development. Others were averse to changes of this nature, which naturally affect the entire banking structure intimately. But official and unofficial surveys soon made it plain that all but a handful of banks have sufficient excess reserves to meet the new requirements easily.

The conclusion was reached in the money and other markets that the peak of easy money quotations was passed, with the announcement and its repercussions. United States Government securities were marked downward and recovered only slowly, in subsequent weeks. Discounts on bankers' bills were marked higher for the first time since 1934, but the change was measured only in small fractions of 1 per cent. Commercial paper rates and charges for accommodation on Stock Exchange collateral did not vary at all.

In the foreign exchange markets

### GOLD RESERVES OF CENTRAL BANKS

(Figures are in millions of dollars; the valuation ratio is: One ounce = $35.00)

| End of | England | France | Holland | Switzer-land | Japan | Italy | Russia | Germany | United States |
|---|---|---|---|---|---|---|---|---|---|
| 1914...... | 721 | 1,375 | ... | ... | 108 | 455 | 1,509 | 843 | 2,042 |
| 1920...... | 1,277 | 1,160 | 433 | 178 | 941 | 345 | ... | 440 | 4,150 |
| 1925...... | 1,177 | 1,204 | 301 | 152 | 975 | 371 | 159 | 488 | 6,748 |
| 1930...... | 1,216 | 3,556 | 290 | 234 | 698 | 472 | 422 | 894 | 7,154 |
| 1931...... | 996 | 4,570 | 605 | 767 | 396 | 501 | 555 | 396 | 6,859 |
| 1932...... | 987 | 5,510 | 703 | 808 | 359 | 520 | 623 | 325 | 6,848 |
| 1933...... | 1,572 | 5,112 | 627 | 653 | 359 | 632 | 704 | 156 | 6,793 |
| 1934...... | 1,584 | 5,445 | 573 | 624 | 394 | 518 | 744 | 32 | 8,238 |
| 1935 | | | | | | | | | |
| Jan. ...... | 1,586 | 5,438 | 555 | 600 | 395 | 519 | 744 | 32 | 8,391 |
| Feb. ...... | 1,586 | 5,439 | 552 | 586 | 397 | 519 | 744 | 32 | 8,527 |
| Mar. ..... | 1,586 | 5,479 | 553 | 560 | 398 | 519 | 748 | 33 | 8,567 |
| Apr. ..... | 1,587 | 5,366 | 439 | 446 | 400 | 519 | 748 | 33 | 8,710 |
| May ..... | 1,587 | 4,759 | 440 | 390 | 403 | 519 | 748 | 33 | 8,858 |
| June ..... | 1,588 | 4,708 | 427 | 391 | 407 | 498 | 748 | 35 | 9,116 |
| July ..... | 1,588 | 7,726 | 380 | 421 | 410 | 468 | 748 | 38 | 9,144 |
| Aug. ..... | 1,593 | 4,756 | 402 | 446 | 413 | 419 | 748 | 38 | 9,203 |
| Sept. ..... | 1,595 | 4,770 | 365 | 448 | 416 | 379 | 839 | 38 | 9,368 |
| Oct. ..... | 1,604 | 4,773 | 401 | 453 | 418 | 351 | 839 | 35 | 9,693 |
| Nov. ..... | 1,628 | 4,388 | 427 | 455 | 422 | 351 | 839 | 36 | 9,920 |
| Dec. ..... | 1,648 | 4,395 | 438 | 454 | 425 | 270 | 839 | 33 | 10,125 |
| 1936 | | | | | | | | | |
| Jan. ...... | 1,652 | 4,324 | 455 | 454 | 428 | 270 | 839 | 31 | 10,182 |
| Feb. ...... | 1,653 | 4,362 | 463 | 472 | 431 | 270 | 839 | 29 | 10,167 |
| Mar. ...... | 1,653 | 4,348 | 486 | 493 | 433 | 270 | 839 | 29 | 10,184 |
| Apr. ...... | 1,670 | 4,106 | 483 | 495 | 435 | 270 | ... | 28 | 10,225 |
| May ...... | 1,701 | 3,781 | 465 | 485 | 439 | 270 | ... | 28 | 10,402 |
| June ...... | 1,782 | 3,580 | 404 | 460 | ... | 270 | ... | 29 | 10,608 |

relatively quiet conditions prevailed during July. International movements of gold were at a minimum, since the European gold currencies were maintained at levels above gold export points and below gold import points. Throughout the month receipts of gold at New York amounted only to $8,799,000, and much of this metal came from India and from South American countries. None was received from France or other countries on the gold standard.

But apprehensions regarding the European monetary prospects were not lessened by that circumstance. The new Socialist régime of Premier Leon Blum continued to seek means for national recovery and reform in France, and several important measures were adopted with such aims in view. Reform of the Bank of France was called for in one enactment, which virtually takes control of the institution from the two hundred largest stockholders who have held it since the days of Napoleon, and places it in the hands of a directing board selected by the Government, the stockholders and the varying industrial and agricultural interests of the country.

No less disconcerting was the rebellion in Spain, which started on July 18, and rapidly spread over the entire country. This bloody conflict means intense dislocations in Spain's economy. Official quotations on the peseta failed to reflect the apprehensions, owing to stringent control, exercised through the French franc. But a bootleg market was reported in various European centers, and in such transactions the peseta was reported to have lost up to 60 per cent of the nominal value placed on it ordinarily before the rebellion started.

## DAILY CLOSING QUOTATIONS OF FOREIGN EXCHANGE (BANKERS' BILLS) IN THE NEW YORK MARKET DURING JULY, 1936

| Country and Par | Wed. July 1 | Thurs. July 2 | Fri. July 3 | Sat. July 4 | Mon. July 6 | Tues. July 7 | Wed. July 8 | Thurs. July 9 | Fri. July 10 | Sat. July 11 | Mon. July 13 | Tues. July 14 | Wed. July 15 | Thurs. July 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| England, checks (Pound $8.2397) | 5.02 5/16 | 5.02¼ | 5.02¼ | ‡..... | 5.02 5/16 | 5.02 5/16 | 5.02 1/16 | 5.01 15/16 | 5.02¾ | 5.03 | 5.02 13/16 | 5.02⅝ | 5.02 13/16 | 5.02 13/16 |
| England, cables (Pound $8.2397) | 5.02 5/16 | 5.02¼ | 5.02¼ | ..... | 5.02 5/16 | 5.02 5/16 | 5.02 1/16 | 5.01 15/16 | 5.02¾ | 5.03 | 5.02 13/16 | 5.02⅝ | 5.02 13/16 | 5.02 13/16 |
| France, checks (Franc 6.6335c.) | 6.62¾ | 6.62¾ | 6.63 | ..... | 6.63 | 6.63⅛ | 6.63 | 6.62 15/16 | 6.61½ | 6.60¼ | 6.62 | 6.62 15/16 | 6.63⅛ | 6.63 3/16 |
| France, cables (Franc 6.6335c.) | 6.63 | 6.63 | 6.63¼ | ..... | 6.63¼ | 6.63⅜ | 6.63¼ | 6.63 3/16 | 6.61¾ | 6.60½ | 6.62¼ | 6.63 3/16 | 6.63⅜ | 6.63 7/16 |
| Germany, checks (Mark 40.33c.) | 40.32 | 40.36 | 40.37 | ..... | 40.37 | 40.36 | 40.33 | 40.33 | 40.31 | 40.30 | 40.32 | 40.35 | 40.36 | 40.37 |
| Germany, cables (Mark 40.33c.) | 40.34 | 40.38 | 40.39 | ..... | 40.39 | 40.38 | 40.35 | 40.35 | 40.33 | 40.32 | 40.34 | 40.37 | 40.38 | 40.39 |
| Belgium, checks (Belga 16.95c.) | 16.92½ | 16.91½ | 16.92 | ..... | 16.92 | 16.91½ | 16.90½ | 16.90½ | 16.91½ | 16.91½ | 16.92½ | 16.93 | 16.92 | 16.91 |
| Belgium, cables (Belga 16.95c.) | 16.93 | 16.92 | 16.92½ | ..... | 16.92½ | 16.92 | 16.91 | 16.91 | 16.92 | 16.92 | 16.93 | 16.93½ | 16.92½ | 16.91½ |
| Holland, checks (Guilder 68.056c.) | 68.17 | 68.13½ | 68.17 | ..... | 68.17 | 68.11 | 68.07 | 68.08 | 68.08 | 68.04 | 68.12 | 68.21 | 68.16 | 68.14 |
| Holland, cables (Guilder 68.056c.) | 68.21 | 68.17½ | 68.21 | ..... | 68.21 | 68.15 | 68.11 | 68.12 | 68.12 | 68.08 | 68.16 | 68.25 | 68.20 | 68.18 |
| Czechoslovakia, checks (Crown 4.18c.) | 4.15½ | 4.15½ | 4.15⅜ | ..... | 4.15⅛ | 4.15¾ | 4.15¾ | 4.16 | 4.15½ | 4.15¼ | 4.15¼ | 4.15¾ | 4.15¾ | 4.15¾ |
| Czechoslovakia, cables (Crown 4.18c.) | 4.15¾ | 4.15¾ | 4.15⅝ | ..... | 4.15⅜ | 4.16 | 4.16 | 4.16¼ | 4.15¾ | 4.15½ | 4.15½ | 4.16 | 4.16 | 4.16 |
| Switzerland, checks (Franc 32.67c.) | 32.75½ | 32.75 | 32.75 | ..... | 32.76½ | 32.76 | 32.76 | 32.75 | 32.75 | 32.69 | 32.74½ | 32.79½ | 32.76½ | 32.77 |
| Switzerland, cables (Franc 32.67c.) | 32.76 | 32.75½ | 32.75½ | ..... | 32.77 | 32.76½ | 32.76½ | 32.76 | 32.76 | 32.70 | 32.75 | 32.80 | 32.77 | 32.77½ |
| Italy, checks (Lira 8.911c.) | 7.86¾ | 7.86¾ | 7.87¾ | ..... | 7.87¾ | 7.87¾ | 7.87¾ | 7.88¼ | 7.88¼ | 7.88¼ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ |
| Italy, cables (Lira 8.911c.) | 7.87 | 7.87 | 7.88 | ..... | 7.88 | 7.88 | 7.88 | 7.88½ | 7.88½ | 7.88½ | 7.90 | 7.90 | 7.90 | 7.90 |
| Spain, checks (Peseta 32.67c.) | 13.72½ | 13.74 | 13.72¾ | ..... | 13.74 | 13.73½ | 13.73¼ | 13.73½ | 13.70½ | 13.68 | 13.71¼ | 13.72½ | 13.73½ | 13.73¾ |
| Spain, cables (Peseta 32.67c.) | 13.73½ | 13.74 | 13.73¾ | ..... | 13.75 | 13.74½ | 13.74¼ | 13.74½ | 13.71½ | 13.69 | 13.72¼ | 13.73½ | 13.74½ | 13.74¾ |
| Portugal, checks (Escudo 7.483c.) | 4.58 | 4.58 | 4.58 | ..... | 4.58½ | 4.58 | 4.58½ | 4.58½ | 4.58½ | 4.59 | 4.59 | 4.59 | 4.59 | 4.59 |
| Portugal, cables (Escudo 7.483c.) | 4.58 | 4.58 | 4.58 | ..... | 4.58½ | 4.58 | 4.58½ | 4.58½ | 4.58½ | 4.59 | 4.59 | 4.59 | 4.59 | 4.59 |
| Denmark, checks (Krone 45.374c.) | 22.41 | 22.41 | 22.41 | ..... | 22.41 | 22.41½ | 22.40½ | 22.40 | 22.43½ | 22.44½ | 22.44 | 22.43 | 22.44 | 22.44 |
| Denmark, cables (Krone 45.374c.) | 22.42 | 22.42 | 22.42 | ..... | 22.42 | 22.42½ | 22.41½ | 22.41 | 22.44½ | 22.45½ | 22.45 | 22.44 | 22.45 | 22.45 |
| Sweden, checks (Krona 45.374c.) | 25.89 | 25.89 | 25.89 | ..... | 25.89 | 25.89 | 25.88 | 25.87½ | 25.91½ | 25.93 | 25.92 | 25.92 | 25.92 | 25.92 |
| Sweden, cables (Krona 45.374c.) | 25.90 | 25.90 | 25.90 | ..... | 25.90 | 25.90 | 25.89 | 25.88½ | 25.92½ | 25.94 | 25.93 | 25.93 | 25.93 | 25.93 |
| Norway, checks (Krone 45.374c.) | 25.23 | 25.23 | 25.23 | ..... | 25.23 | 25.23 | 25.22 | 25.21½ | 25.21½ | 25.26½ | 25.26 | 25.26 | 25.26 | 25.26 |
| Norway, cables (Krone 45.374c.) | 25.24 | 25.24 | 25.24 | ..... | 25.24 | 25.24 | 25.23 | 25.22½ | 25.22½ | 25.27½ | 25.27 | 25.27 | 25.27 | 25.27 |
| Greece, checks (Drachma 2.197c.) | .94⅛ | .94¼ | .94¼ | ..... | .94¼ | .94⅛ | .93⅞ | .94¼ | .94¼ | .94⅛ | .94⅛ | .94½ | .94¼ | .94¼ |
| Greece, cables (Drachma 2.197c.) | .94⅜ | .94½ | .94½ | ..... | .94½ | .94⅜ | .94⅛ | .94½ | .94½ | .94⅜ | .94⅜ | .94¾ | .94½ | .94½ |
| Australia, checks (Pound $8.2397) | 4.01⅝ | 4.01⅝ | 4.01⅝ | ..... | 4.01⅝ | 4.01⅝ | 4.01¾ | 4.01⅜ | 4.01⅞ | 4.02⅛ | 4.02 | 4.01⅞ | 4.01⅞ | 4.02 |
| Australia, cables (Pound $8.2397) | 4.01⅞ | 4.01⅞ | 4.01⅞ | ..... | 4.01⅞ | 4.01⅞ | 4.01⅝ | 4.01⅝ | 4.02⅛ | 4.02⅜ | 4.02¼ | 4.02⅛ | 4.02⅛ | 4.02¼ |
| Montreal, demand (Dollar $1.6931) | 99.75 | 99.85 | 99.88 | ..... | 99.87 | 99.88 | 99.88 | 99.35 | 99.85 | 99.85 | 99.91 | 99.89 | 99.89 | 99.89 |
| Argentina, demand (Paper peso 71.87c.) | 33.50 | 33.45 | 33.51 | ..... | 33.47 | 33.47 | 33.47 | 33.47 | 32.50 | 32.50 | 33.53 | 33.50 | 33.50 | 33.53 |
| Brazil, demand (Paper milreis 20.25c.) | 8.61 | 8.61 | 8.61½ | ..... | 8.61 | 8.61 | 8.61 | 8.61½ | 8.61 | 8.61 | 8.61 | 8.72½ | 8.72½ | 8.72½ |
| Chile, demand (Gold peso 5.19c.) | 5.17 | 5.17 | 5.17 | ..... | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 |
| *Mexico, demand (Silver peso 34.398c.) | 27.80 | 27.80 | 27.80 | ..... | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 |
| §Uruguay, demand (Gold peso $1.751) | 50.50 | 50.75 | 51.00 | ..... | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 51.00 | 51.50 | 51.25 | 51.00 | 51.00 |

| Country and Par | Fri. July 17 | Sat. July 18 | Mon. July 20 | Tues. July 21 | Wed. July 22 | Thurs. July 23 | Fri. July 24 | Sat. July 25 | Mon. July 27 | Tues. July 28 | Wed. July 29 | Thurs. July 30 | Fri. July 31 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| England, checks (Pound $8.2397) | 5.03 | 5.03⅛ | 5.02⅞ | 5.02 9/16 | 5.02½ | 5.01⅞ | 5.01 13/16 | 5.02 3/16 | 5.01 13/16 | 5.01⅞ | 5.02 1/16 | 5.01 11/16 | 5.01¾ |
| England, cables (Pound $8.2397) | 5.03 | 5.03⅛ | 5.02⅞ | 5.02 9/16 | 5.02½ | 5.01⅞ | 5.01 13/16 | 5.02 3/16 | 5.01 13/16 | 5.01⅞ | 5.02 1/16 | 5.01 11/16 | 5.01¾ |
| France, checks (Franc 6.6335c.) | 6.62¾ | 6.62⅝ | 6.62⅜ | 6.62¼ | 6.61 9/16 | 6.60 15/16 | 6.60¾ | 6.61¼ | 6.61 1/16 | 6.60¾ | 6.60 9/16 | 6.60 3/16 | 6.58½ |
| France, cables (Franc 6.6335c.) | 6.63 | 6.62⅞ | 6.62⅝ | 6.62½ | 6.61 13/16 | 6.61 3/16 | 6.61 | 6.61½ | 6.61 5/16 | 6.61 | 6.60 13/16 | 6.60 7/16 | 6.58¾ |
| Germany, checks (Mark 40.33c.) | 40.34 | 40.35½ | 40.33 | 40.32½ | 40.28½ | 40.23 | 40.23 | 40.26 | 40.26½ | 40.26 | 40.26 | 40.26 | 40.24 |
| Germany, cables (Mark 40.33c.) | 40.36 | 40.37½ | 40.35 | 40.34½ | 40.30½ | 40.25 | 40.25 | 40.28 | 40.28½ | 40.28 | 40.28 | 40.28 | 40.26 |
| Belgium, checks (Belga 16.95c.) | 16.91 | 16.91 | 16.90¾ | 16.90¼ | 16.88¾ | 16.87½ | 16.86 | 16.87 | 16.86¾ | 16.86½ | 16.88 | 16.87 | 16.85¾ |
| Belgium, cables (Belga 16.95c.) | 16.91½ | 16.91½ | 16.91¼ | 16.90¾ | 16.89 | 16.88 | 16.86½ | 16.87½ | 16.87¼ | 16.87 | 16.88½ | 16.87½ | 16.86¼ |
| Holland, checks (Guilder 68.056c.) | 68.14 | 68.12 | 68.11 | 68.05 | 68.01 | 67.93 | 67.92 | 67.97 | 67.95½ | 67.93 | 67.96 | 67.96 | 67.89 |
| Holland, cables (Guilder 68.056c.) | 68.18 | 68.16 | 68.15 | 68.09 | 68.05 | 67.97 | 67.96 | 68.01 | 67.99½ | 67.97 | 68.00 | 68.00 | 67.93 |
| Czechoslovakia, checks (Crown 4.18c.) | 4.15½ | 4.15⅜ | 4.15¼ | 4.15⅛ | 4.14⅞ | 4.14¼ | 4.14⅛ | 4.14¼ | 4.14⅛ | 4.14¼ | 4.14⅛ | 4.13⅞ | 4.13 |
| Czechoslovakia, cables (Crown 4.18c.) | 4.15¾ | 4.15⅝ | 4.15½ | 4.15⅜ | 4.15⅛ | 4.14½ | 4.14⅜ | 4.14½ | 4.14⅜ | 4.14½ | 4.14⅜ | 4.14⅛ | 4.13¼ |
| Switzerland, checks (Franc 32.67c.) | 32.75 | 32.74½ | 32.75½ | 32.74½ | 32.71½ | 32.70 | 32.69½ | 32.71½ | 32.72 | 32.69½ | 32.69 | 32.68 | 32.63½ |
| Switzerland, cables (Franc 32.67c.) | 32.75½ | 32.75 | 32.76 | 32.75 | 32.72 | 32.70½ | 32.70 | 32.72 | 32.72½ | 32.70 | 32.69½ | 32.68½ | 32.64 |
| Italy, checks (Lira 8.911c.) | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¾ | 7.89¼ | 7.89¾ | 7.89¾ | 7.89¼ |
| Italy, cables (Lira 8.911c.) | 7.90 | 7.90 | 7.90 | 7.90 | 7.90 | 7.90 | 7.90 | 7.90 | 7.90 | 7.89½ | 7.90 | 7.90 | 7.89½ |
| Spain, checks (Peseta 32.67c.) | 13.73 | 13.72½ | 13.71¾ | 13.72 | 13.70 | 13.71 | 13.69 | 13.70½ | 13.70 | 13.69 | 13.68½ | 13.68 | 13.64 |
| Spain, cables (Peseta 32.67c.) | 13.74 | 13.73½ | 13.72¾ | 13.73 | 13.71 | 13.72 | 13.70 | 13.71½ | 13.71 | 13.70 | 13.69½ | 13.69 | 13.65 |
| Portugal, checks (Escudo 7.483c.) | 4.59 | 4.59 | 4.59 | 4.59 | 4.59 | 4.58½ | 4.58½ | 4.59 | 4.58½ | 4.58½ | 4.58½ | 4.58½ | 4.59 |
| Portugal, cables (Escudo 7.483c.) | 4.59 | 4.59 | 4.59 | 4.59 | 4.59 | 4.58½ | 4.58½ | 4.59 | 4.58½ | 4.58½ | 4.58½ | 4.58½ | 4.59 |
| Denmark, checks (Krone 45.374c.) | 22.44½ | 22.45 | 22.43½ | 22.43½ | 22.42½ | 22.39½ | 22.39 | 22.41½ | 22.39 | 22.39½ | 22.40½ | 22.38½ | 22.39 |
| Denmark, cables (Krone 45.374c.) | 22.45½ | 22.46 | 22.44½ | 22.44½ | 22.43½ | 22.40½ | 22.40 | 22.42½ | 22.40 | 22.40½ | 22.41½ | 22.39½ | 22.40 |
| Sweden, checks (Krona 45.374c.) | 25.93 | 25.93½ | 25.92 | 25.91½ | 25.90 | 25.87 | 25.86½ | 25.88½ | 25.86½ | 25.87 | 25.88 | 25.86 | 25.86½ |
| Sweden, cables (Krona 45.374c.) | 25.94 | 25.94½ | 25.93 | 25.92½ | 25.91 | 25.88 | 25.87½ | 25.89½ | 25.87½ | 25.88 | 25.89 | 25.87 | 25.87½ |
| Norway, checks (Krone 45.374c.) | 25.27 | 25.27½ | 25.26 | 25.25½ | 25.24 | 25.21 | 25.21 | 25.23 | 25.20½ | 25.21 | 25.22 | 25.20 | 25.20½ |
| Norway, cables (Krone 45.374c.) | 25.28 | 25.28½ | 25.27 | 25.26½ | 25.25 | 25.22 | 25.22 | 25.24 | 25.21½ | 25.22 | 25.23 | 25.21 | 25.21½ |
| Greece, checks (Drachma 2.197c.) | .94⅛ | .94⅛ | .94⅛ | .94⅛ | .94⅛ | .94⅛ | .94 | .94⅛ | .94⅛ | .94⅛ | .94⅛ | .94 | .93⅞ |
| Greece, cables (Drachma 2.197c.) | .94⅜ | .94⅜ | .94⅜ | .94⅜ | .94⅜ | .94⅜ | .94¼ | .94⅜ | .94⅜ | .94⅜ | .94⅜ | .94¼ | .94⅛ |
| Australia, checks (Pound $8.2397) | 4.02¼ | 4.02¼ | 4.02 | 4.01¾ | 4.01⅝ | 4.01¼ | 4.01¼ | 4.01½ | 4.01⅛ | 4.01⅛ | 4.01⅜ | 4.01 | 4.01 |
| Australia, cables (Pound $8.2397) | 4.02½ | 4.02½ | 4.02¼ | 4.02 | 4.01¾ | 4.01½ | 4.01½ | 4.01¾ | 4.01⅜ | 4.01⅜ | 4.01⅝ | 4.01¼ | 4.01¼ |
| Montreal, demand (Dollar $1.6931) | 99.81 | 99.94 | 99.95 | 99.94 | 99.91 | 99.98 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 99.97 | 99.98 |
| Argentina, demand (Paper peso 71.87c.) | 33.53 | 33.53 | 33.53 | 33.53 | 33.50 | 33.50 | 33.43 | 33.43 | 33.47 | 33.47 | 33.47 | 33.45 | 33.45 |
| Brazil, demand (Paper milreis 20.25c.) | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ | 8.72½ |
| Chile, demand (Gold peso 5.19c.) | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 | 5.17 |
| *Mexico, demand (Silver peso 34.398c.) | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 | 27.80 |
| §Uruguay, demand (Gold peso $1.751) | 51.00 | 51.00 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 | 50.50 |

* Nominal quotations. § Free. ‡ Holiday.

# GENERAL BUSINESS CONDITIONS
## BY DISTRICT OFFICES OF DUN & BRADSTREET, Inc.

**Albany** Manufacturing and wholesaling fell off somewhat during July, as was to be expected at this season. Retailing, in general, also suffered to a slight extent. The vacation sections of this district continued to report the best business for a number of years, and indications are that the season will hold the gains already made.

**Baltimore** Encouraged by the extended uptrend in the rate of operations of some industries and the absence of the usual seasonal recession in others, business continued to show improvement over that of July, 1935. Rising quotations in primary markets had the effect of strengthening the wholesale division, and a brighter view of the Fall season is apparent.

**Binghamton** Retail trade was slightly better than the volume for the same period a year ago, and collections are quoted as fair. Wholesalers of food products reported orders running about on a par with last year's. The shoe manufacturing industry increased production slightly. The activity in other industries here has been going forward consistently.

**Boston** In all quarters, evidences of better business conditions were multiplied during July. Reports, camps, and Summer hotels in all parts of the New England States reported increases of 10 to 15 per cent over a year ago. This brought up the traffic on New England railroads and bus lines, and helped to swell volume of retail trade in all branches.

Raw wool sales were moderate in volume, buying being confined to a few grades, but prices were firm. There was a strong demand for woolens suitable for women's wear, particularly sports coatings, but men's lines were seasonably dull. Knitting wools were steady. Grades used for floor coverings moved out rapidly.

After a period of considerable activity, gray goods were somewhat slower toward the close of July. The cotton mills, however, maintained their schedules, shipping out large quantities of goods.

**Buffalo** The outstanding gains for July were in steel production, industrial power consumption, flour milling, and livestock slaughtering, all of which more than doubled the usual seasonal increases. Steel production exceeded the output of the similar period of 1935 by 133 per cent.

**Chicago** Retail trade was definitely better than for both the preceding month and July, 1935. Summer apparel and home furnishings were the big sellers. Wholesalers were benefited by a break in the drought, and buying from rural areas showed a slight pick-up. Furniture and toy houses reported advance commitments for the Christmas season the best in years.

The two big furniture shows during the month broke all records for attendance, and sales were estimated at $60,000,000. Virtually the entire furniture industry is gearing operations to full-time production for the remainder of the year at least. Hotels, in many instances, are doing the best business since A Century of Progress was held here. Vacation trade in this area is the largest since 1930.

**Cincinnati** The effect of drought conditions and continuance of hot weather were felt in both the retail and wholesale trades during July. Department stores reported sales slower, although higher than the previous year's. Local conditions do not appear to differ widely from those shown in reports for the entire Federal Reserve District, indicating an increase of about 14 per cent since February and about 11 per cent for June alone over the same periods in 1935.

**Cleveland** There was a slight recession in business activity toward the close of July, due principally to the extreme heat, which caused several industries to close down all or part of their plants. Even so, operations were the best for any July since 1930.

The strength of the steel market is held up by demands for heavy types of material. It is increasingly evident that it has been the belated recovery of the heavy goods industries that has greatly assisted this section in maintaining such high Summer rates of production.

**Dallas** Gains registered in retail lines during July, compared with the corresponding period one year ago, averaged up to 35 per cent. This substantial recovery was conceded to be due primarily to the large number of Centennial visitors and to the distribution of soldiers' bonus money. The increase was experienced by practically all lines, especially department stores, men's and women's clothing, and specialty concerns.

**Dayton** Construction in the city of Dayton alone amounted to $751,949 for the first six months of this year, according to figures on building permits compiled by the Construction League of Dayton. That amount is more than twice that spent for the first six months of 1935. It is almost three times as much as the six months' expenditure of 1933.

**Denver** Tourist business in this trade territory has been the best in six years. All hotels in the mountain parks and tourist centers are filled. Colorado crop prospects declined greatly during June, but 1936 production of most crops, as indicated by conditions prevailing about July 1, still were above the

final production in 1935, and much above the small production of 1934.

**Detroit** Retail distribution broadened steadily under the conducive influence of ideal shopping weather. Sales were from 15 to 25 per cent higher than in the corresponding period of last year. This surprisingly strong showing for July was largely the result of the higher rate of employment and wages prevailing in local industry.

Industrial activity continued at a strong rate, although schedules in some lines were reduced in line with the Summer recession. Early estimates of total 1936 automobile production are placed at 4,600,000 units, which would be well ahead of the 1935 total. Used car sales continued somewhat slow, although larger than a month earlier.

**Erie** While extremely warm weather prevailed during most of July, this benefited department stores and specialty shops, resulting in a retail volume that exceeded the previous year by 10 per cent. The wholesale trade reported a good month, and there was little change in industrial conditions.

**Indianapolis** Light rains and cooler weather toward the close of July helped the crop situation somewhat. This and the spreading employment have brightened the outlook for early Fall business. The trend of retail sales was upward during most of the month, with stocks of many Summer goods almost depleted.

**Kansas City** The extraordinary high temperatures and drought conditions continued, but apparently so far the only adverse effect reported has been a slowing down of sales by retailers. Collections by retailers continued satisfactory and both wholesalers and retailers stated that collection percentages for July, against June sales, were better than a year ago.

In the wholesale trade, orders continued to gain, and some lines, particularly electric refrigerators, grocery, furniture, dry goods, and clothing, were from 10 to 15 per cent ahead of a year ago.

**Los Angeles** Retail trade during July was active and continued to reflect a firm tone in all lines. Volume maintained recent average gains over last year. Travel agencies reported the best business since 1929. Automobile sales showed few signs of any seasonal let-down. Gasoline sales were better than 10 per cent above last year's.

**Minneapolis** Cessation of extreme heat toward the close of July permitted a return of more diversified activity in retail trade, and previous gains in the movement of staple merchandise were again maintained. So far as this trade area is concerned, the effect of the complete failure of the wheat crop over wide western areas, is being cushioned by the fact that very fair yields of various crops have been produced in much of Minnesota. By reason of higher commodity prices, the total farm income will not be so entirely unsatisfactory.

**New Orleans** Rains throughout the sugar belt have improved crop prospects, despite the lack of sufficient moisture for safety. The outlook for cane is promising. Rice interest lies in the approaching new crop which will start maturing early in August. Prices remain steady.

**Norfolk** While most retail lines show some mid-season slackening, sales were well ahead of those of a year ago. In some lines, notably sports wear, vacational needs practically cleared stocks. Tourist trade continued to expand, and there has been no slackening in the heavy registration at hotels at nearby Summer resorts.

**Omaha** Since the beginning of July, weekly crop reports have become more discouraging and farmers probably will start cutting their corn for ensilage, abandoning all hopes of getting even a fair yield. Retail trade has sensed this discouragement and retailers' reports for the month indicate that the Summer slack season has touched its nadir. Retailers are buying conservatively for Fall, until the extent of the purchasing power in their communities can be more accurately determined.

**Philadelphia** Business activity in this city during July was generally well sustained, and showed but minor effects of the Summer recession. Department store sales held well at levels approximately 10 to 15 per cent ahead of last year's. Some shopping postponed during the period of extremely hot weather made its appearance toward the close of the month to boost the volume.

Preparations for Fall stimulated wholesale buying, and advance orders ranged 20 to 35 per cent ahead of last year's. Increased prices or possible higher future quotations were responsible for covering requirements earlier than usual this year.

**Pittsburgh** The comparatively high level of operations with the major industries continued to contribute substantially to consumers' purchasing ability. Merchandise distribution, though seasonably quieter during July, remained 15 to 18 per cent ahead of last year's volume. In most retail lines, the end of the season carry-over was not excessive. From present indications, buying for Fall delivery will be liberal.

Steel production during July was maintained at close to the June rate. There was possibly some buying against anticipatory needs, but current consumer requirements accounted for the greater part of shipments. Screw and bolt manufacturers had the best six months since 1930; tin plate output remained close to capacity, and other finishing schedules were well maintained.

**Portland, Ore.** General retail trade locally during July averaged 15 per cent over the same month of 1935. Sportswear trade was particularly active. Booking of Fall orders in wholesale circles was in excess of last year. Rural retail trade was good, due to transient travel and extensive employment on the State

road-building projects. Activity in manufacturing ranged well over the 1935 level.

**Richmond** Industrial and commercial activity during July continued to register very satisfactory improvement. Production of cigarettes, cigars, and smoking and chewing tobacco was moderately ahead of comparative 1935 levels. The output of textiles was higher than a year ago, and volume of business of paper mills and other representative lines of industry also showed moderate enlargement.

**Rochester** Although the drought continues unabated, the city water supply is sufficient for current requirements. Cooler weather toward the close of the month aided retail trade, and it is expected that the Summer slump will be less noticeable this year. Permanent job placements for June totalled 455, a 64 per cent advance over June, 1935, and a 20 per cent improvement over May, 1936.

**St. Louis** Considering seasonal influences, business activity in this area continued to make a strong showing during July. Department stores reported most active demand shown for sportswear and light wearing apparel. Distributors of electrical household appliances reported orders about 15 to 20 per cent above the prior year's comparative, with electric refrigerators and air-conditioning equipment moving most actively. Radio orders were about 20 per cent better than a year ago.

**St. Paul** July business in practically all lines held up remarkably well, in spite of unusually hot weather early in the month that caused severe drought damage to crops in some western sections of the district. In the affected areas, however, employment under Government supervision provided funds for a good volume of consumer buying.

Rains and cool weather during the last half of the month brought relief to the lesser drought-affected eastern Dakotas, southern Minnesota, and Wisconsin. Business transacted in those sections maintained an average above 1935 figures; at retail 15 per cent and wholesale 14 per cent, while manufacturing activity, not entirely dependent on local trade, reached 32 per cent.

**San Francisco** Convention delegates and large numbers of tourists helped to make July a lively month for many lines, particularly the downtown stores, restaurants, and hotels. Many of the hotels were full for the first time in years. The two new bridges are a magnet to the tourists.

Reports received, in all instances, were favorable. Department store trade was 10 to 15 per cent ahead of 1935. Cameras and optical goods, shoes, vacation and sports wares, and household furniture were the most active.

**Tacoma** Figures now available for the first six months of 1936 show that 12,369 pounds of air-mail left the Tacoma post office, compared with 6,707 pounds during the same period of 1935. The Director of Agriculture reports from Olympia, Wash., that farm wages have risen, the average monthly wage of farm workers being $35.75, with board, and $53.50 without board, against $27.50 and $45, respectively, last year. The State is still 32 per cent below the 1929 level of $51.75 and $78.25. The supply of workers is about 89 per cent normal and demand 90 per cent normal.

**Wichita** Local and industrial concerns suffered setbacks during the hot Summer months but, on the whole, sales and profits are equal to those of 1935 for the same period. The building business in Wichita continues to lead all others.

Recent rains throughout the State of Kansas now make it appear that the farmers probably will have a feed crop this Fall. The corn crop, however, is a total loss, which will reduce the farmers' income proportionally throughout the State.

ame
of
pia,
sen,
arm
ard,
inst
last
cent
and
rs is
de-

con-
the
the
al to
riod.
hita

the
pear
have
corn
hich
come
the